THE NATION

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GAMBLING INC

TREASURE CHEST OF THE UNDERWORLD

The Charles C. Sherrod Library
EAST TENNESSEE STATE COLLEGE
JOHNSON CITY, TENNESSEE

BY FRED J. COOK

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LETTERS

Good Reason

Dear Sirs: We are getting closer and closer to November and the Presidential election and I find it harder and harder to choose between Adlai Stevenson and Nelson Rockefeller.

HARRY CIMRING

Hollywood, Calif.

The 'Critical Fog' . . .

Dear Sirs: Mr. M. L. Rosenthal's treatment of Karl Shapiro's *In Defense of Ignorance* [Sept. 24 issue], like most reviews of the book appearing lately, completely misses the point in its haste to protect the sanctity of the poets Mr. Shapiro contends with. . . . Contrary to Mr. Rosenthal's contention, Shapiro is not desirous of eliminating critics. What he does want is for them to judge poems and poets individually, not to dismiss or accept them according to predefined canons, not to correct taste, as the New Critics do. [He] insists on judging poetry by content as well as by style, the criteria for such being the poet's humanity and *personal emotion* in the poem, a not very dogmatic conception. . . .

A recent anthology compiled by Donald Hall and his associates would seem to show that the "rich variety of the work of our younger poets" is in fact non-existent, there being a rather abject conformity in technique and subject matter instead. The San Francisco group Mr. Rosenthal holds up to evidence the new influence of Williams is not a very well-taken point either. Their talents are small for the most part, and their poems are buttressed up more by a socially critical nature than by literary excellence. Hence, that Pound is the Master of the Beats as well as Williams in no way rebuts Shapiro. Mr. Rosenthal's review is valuable, however, since it displays exactly that critical fogginess Shapiro rejects.

LEWIS MEYERS

Silver Spring, Md.

. . . Lifts

(1) Mr. Shapiro, with much qualification and inconsistency, does attack criticism. He calls instead for "judgment" — which sometimes seems to mean critical evaluation as ordinarily understood, but usually means something almost instinctive, a response based on right feeling. I agree that this primary act of sensibility is crucial, but not with the rest of his argument.

(2) The observation about Dr. Williams' influence is Mr. Shapiro's, not mine —though I very much agree. My point was that the younger writers are also profoundly influenced, and to good purpose, by Pound, Eliot, and the whole tendency which Mr. Shapiro attacks. (Part of his attack consists in the argument that the influence on the more original younger writers is weaker than usually supposed and in any case detrimental.) The new poets to whom I was referring are not only the San Franciscans and those represented in the Hall-Simpson-Pack anthology, but the whole range discussed in my *Nation* article of November 1, 1958.

M. L. ROSENTHAL

London

Committee of One

Dear Sirs: Once again *The Nation* is to be commended for bringing to light new evidence on the Hiss case ["The Added Witness," by George T. Altman, Oct. 1 issue]. My interest in Alger Hiss began as a result of the article "Hiss: New Perspectives on the Strangest Case of Our Time," by Fred J. Cook, published three years ago in your magazine.

In June of this year, I appointed myself chairman of a committee of one to try to inform the people of the United States of the injustice done to Alger Hiss. I've written letters to editors and government officials; spoken to friends; talked to anyone who would listen; sold fifty-some copies of *The Honorable Mr. Nixon* by William Reuben (a book which describes in detail Richard Nixon's role in the case) . . . .

Mr. Hiss has been a condemned man for one decade. I feel sure there are many people who share my concern about this miscarriage of justice.

BETTY SUE LENTZ

Bergenfield, N.J.

'Mr. Black Earth'

Dear Sirs: Your readers may be interested in a letter which I have just addressed to President Charles de Gaulle of France:

"I am an American writer, now living in Denmark, who is well acquainted with France and with Algeria. I was troubled to read in *Politiken*, the Copenhagen daily, that the French Government, under your leadership, has departed from the traditional principles of French democracy to crack down on the writers, teachers and artists who, in agony at what has been happening in Algeria, have put their names to a protest manifesto.

"*Politiken* states that the Minister of Information, M. Terrenoir, has prohibited all the signers of the manifesto from appearing on French radio or television. Is this France? He is well named, the Minister of Information: Mr. Black Earth!

"Is it possible that France now proposes to emulate the 'black era' which my own country, the United States, passed through in the time of McCarthy?"

JOHN HYDE PRESTON

Mariager, Denmark

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Treasure Chest of the Underworld:

GAMBLING, Inc. by Fred J. Cook

INTRODUCTION BY THE EDITORS

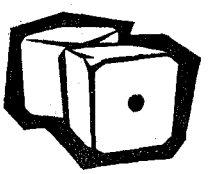
PROFESSIONAL gambling today is the most lucrative, most destructive and withal most widely tolerated form of crime in the country. For in point of fact the public knows almost nothing about contemporary gambling; what it knows is a series of myths handed down from the days when gamblers sported waxed mustaches and traveled the river boats with derringers hidden in their lace-cuffed sleeves. And this outdated sophistication is the principal asset of Gambling, Inc. As long as the public persists in its ignorance, the success of the enterprise is assured — with consequences that are dramatically documented in the following pages.

Succinctly, then, the purpose of this special issue is to put gambling in its new, and true, perspective as the treasure chest of the underworld and as the most corruptive single influence on our society. Each year the revenues that pour into the coffers of Gambling, Inc., are used to bribe elected officials, to oil political machines and to corrupt police and other law-enforcement agencies on a scale so staggering it has not yet been truly measured.

Fred J. Cook's intimate knowledge of the twin problems of crime and law enforcement is derived from many years' experience as the top crime reporter for a New York metropolitan daily. Two of his earlier special articles for *The Nation* have won the New York Newspaper Guild's Page One Award: "The FBI," in our issue of Oct. 18, 1958, and "The Shame of New York" (written in collaboration with Gene Gleason), in our issue of Oct. 31, 1959.

In this remarkable exposé, Mr. Cook does more than put the evil of gambling into new perspectives. He makes certain concrete suggestions for overcoming the evil; and the soundness of his suggestions may well be measurable by the amount of resistance they are bound to arouse among politicians and policemen who, for reasons of their own, are dedicated to the *status quo*.

THE EDITORS.

CHAPTER  RULE OF THE LAWLESS

THE WIFE of a wage earner in Syracuse, N.Y., was desperate. Her husband earned some $7,000 a year, but his family was nearly destitute. They were three payments in arrears on a large furniture bill; their clothes were shabby, their food scant; their light, heat and power services were about to be shut off. This impoverishment in the midst of adequate income was caused by just one factor: the husband was a victim of a psychological disease worse in some ways than the affliction of the alcoholic—he was possessed by the insatiable urge to gamble.

Within the past year and a half, he had gone back time and again to the gambling game being run wide open in Syracuse by "big-shot" gamblers. The game was no secret. The boss gambler had been doing business at the same spot for twenty-five years. For a full quarter of a century, tapped on the wrist just four times by minor fines, he had conducted a lawless business in full view of the law, almost as openly as a businessman runs a department store. The $7,000-a-year wage earner was simply one of the latest of innumerable victims.

This fact did not, of course, mitigate the personal tragedy. Hooked by losses, the wage earner kept going back to get even. With the blind, unreasoning, total commitment of the addict, he kept seeking the big killing that would wipe out all his

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debts, that would leave him pillowed on a downy financial cushion — that would give him his moment of triumph, that would turn an inadequate man into a big shot. Inevitably, he always wound up fleeced of his last available dollar and owing the house. In terror — for he was playing with gamblers whom one did not continue to owe with impunity—he scrabbled for money. He borrowed his working wife's last cent; he got loans from the banks, from a credit union. In eighteen months the $7,000-a-year wage earner lost $8,000.

"I called the police on one occasion about my husband's gambling, and a detective told me it was difficult to make gambling arrests and apparently there was little they could do," the distraught wife wrote in a letter, read last spring into the records of the New York State Commission of Investigation.

This futile appeal to the law was followed by one last desperate fling on the husband's part. He managed to scrape together $1,000. He left home, headed for the crap game. This time, he vowed, he was really going to hit the jackpot. His wife knew better. She followed him to the street; she grabbed his arm and tugged at him, crying and imploring him to come back home with the money his family so desperately needed. While this domestic dispute was taking place on the sidewalk, a Syracuse patrolman, impressive in the uniform that should be a symbol of public respect, drove up to the curb in a patrol car. The wife turned and appealed to him.

> I told the policeman that my husband had $1,000 on his person and that he was headed for a gambling place [*the wife wrote later*]. He had just lost $450 a few days before, gambling; I was determined to stop him from going any further.
>
> The policeman took my husband aside and talked to him a short time privately, and then the policeman came to me and asked if it would be all right if my husband took $100 — would it be all right if I let him go then.
>
> As it turned out, I let him go, but instead of $100, he took $250. My husband told me later, the policeman drove him to the gambling establishment in the police car right after I left. My husband said he gave the policeman $10 for driving him to the gambling place.

Capsuled in this anecdote is one of the great, overriding issues of our time — the domination of the law by the forces of the lawless. For the shocking impact of this modern triangle of the professional gambler, the sucker victim and the grafting cop lies in the fact, not that it is unique, but that it is a commonplace. It is part of the face of America from coast to coast; and the wife in Syracuse, N.Y., who turned to the law for help and who found the law a shill for mobsters, is a human symbol whose experience has a recognizable universality. The illicit partnership of the law and the lawless, which makes of the public a helpless victim, has been exposed from Massachusetts to Florida, from Florida to California, and at innumerable way stations between. It is a conspiracy that exists as surely in towns of 5,000 as it does in the teeming cities, and it expresses in action a plain fact that must now be plainly stated — that bribery and corruption have become one of America's greatest industries.

The Illicit Partnership

Anyone who is inclined to boggle at the truth of that brutal statement needs only to turn to the ample records of recent years documenting beyond all shadow of doubt what has happened to American society. The partnership of the underworld and the overworld, first forged on a national scale in the Niagara of illicit wealth that flowed from Prohibition, has grown stronger and more menacing with time. It is a partnership that has been watered by another Niagara of dirty dollars — the colossal take of a nation-wide gambling industry whose bankroll today dwarfs the bankroll that Prohibition put into the hands of the mob. This bankroll operates on the brash and brazen assumption that every man has his price, that it is possible to buy protection for every deed on the criminal calendar from making book to committing murder. It is a bankroll that is used to influence the cop on the beat, the police chief at headquarters — and the politicians who control both. The partnership of the underworld and the overworld is based on the only coin that today in America has meaning — money; and the tie that binds is politics.

The magnitude of the underworld gambling industry, a colossus that dwarfs many entire lines of legitimate business, has been emphasized in every official study of the problem. One of the best of these studies was the little-noted report issued in 1957 by the Massachusetts Crime Commission. The commission devoted four years to its task; it questioned bookmakers, gamblers, mobsters of every stripe; it examined the problems of law enforcement and politics; and in the end it came to conclusions, usually understated and expressed with legalistic restraint, that are truly shocking in their implications. Its "basic finding," the commission wrote, was this: *"Organized crime has evolved into a state of society that amounts to lawlessness."*

Bigger Than Food Business

The commission, leaning over backwards to be conservative, tried to estimate the total underworld gambling revenue in Massachusetts and came up with a figure so huge it seems incredible — but a figure, the commission was convinced, that was nevertheless so understated it did not really convey the full truth. This understated figure pegged the total flow of cash into illegal gambling rackets at *$2 billion a year*. On this gross play, profits in the various rackets ranged from 5 to 50 per cent, with a net take to the underworld of hundreds of millions of dollars a year. The commission, emphasizing the enormity of a $2 billion annual illegal gambling business, wrote: "For the year 1954, retail sales here by every establishment having a payroll of any kind totaled $5,202,282,000. The Commission believes that the unlawful revenues of organized gambling reach at least two-fifths of this figure for legitimate, essential business."

Another, similar comparison gave graphic emphasis to the issue. The commission pointed out that the gross revenue of the retail food busi-

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ness, the largest single trade in the state, amounted to only $1,280,372,000. Reduced to the simplest and most understandable terms, what these figures meant was simply this: the public of Massachusetts was gambling nearly $2 with the underworld for every $1 it spent for food.

Even this 2-1 ratio of gambling over food is not the full story. For it must be borne in mind that the Massachusetts commission was *not* trying to estimate the total resources of the underworld; it was *not* attempting to assess the take from narcotics, prostitution, illegal liquor sales, labor rackets. It was simply discussing gambling — a $2 billion-a-year illegal business.

The Necessary Foundation

How could such a business, virtually twice the size of the retail food business in Massachusetts, run undisturbed, in open defiance of the law? Common sense dictates an inevitable answer, and the Massachusetts commission, recognizing common sense, stated it in these explicit terms:

> It seems to have been a universal finding by crime survey commissions that organized illegal gambling could not exist within a community without the knowledge and the protection of the local police. For all practical purposes that is a fair statement. . . . The existence of an illegal gambling operation is as apparent as any other type of retail business. The place to which customers come, such as a horse room, the location of a card or dice game or of pinball machines, is more than apparent; it is obvious. The idea that games float to hide from police is more fiction than fact. Gaming operators have told the commission that they move to avoid complaint, not arrest. . . .
>
> Protection is a state that occurs as frequently by the demand of the police as by the offer of the racketeer. . . . The universal complaint among gaming operators is that the demands have been becoming increasingly exorbitant. Some have told the Commission that the price of protection has reached the stage where illegal gambling is *police business instead of bookie business*. . . .

Behind the venality of police, the commission found, lies the true source of corruption — the unholy alliance of the underworld and politics. A net annual gambling take running into hundreds of millions of dollars buys a lot of votes and influence, and even if a policeman wants to be honest, he frequently does not dare because the elected officials who outrank him are obligated.

> Politics creates and encourages more conditions adverse to law enforcement than any other single cause [*the commission wrote*]. Politics interferes with law enforcement at the state, county and local levels. . . . The most important connection between the racketeer and the politician is in the matter of campaign expenses. . . . The task of running for public office is an expensive one. This is particularly true since the advent of television. . . .

The Massachusetts commission cited one vivid and fairly typical example of the link that weds crime and politics:

> In addition to the matter of campaign expenses . . . there is also the important element of the need for workers in a campaign. Bookmakers and leaders in the rackets have a great many hangers-on who can be made available along with automobiles for such activities. One investigator with the Commission witnessed a well-known gambling operator, who served time in State Prison on a murder charge, paying workers $20 apiece in a barroom for services rendered in behalf of one seeking the nomination for District Attorney.

The Incredible Tally Sheet

Such is the magnitude of the gambling evil, such the links of crime to the law and to politics that were exposed by an honest and thorough crime commission in Massachusetts. The findings are highly typical of

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conditions that exist across the nation. Time and again, in city after city and in state after state, one finds the same system, the same pattern, the same lame alibis for official inaction. To anyone who studies the scene and tries to face its implications unflinchingly, it becomes obvious that here is a national malaise gnawing at the very vitals of democratic government. For when the lawless can bribe and dominate the law, the worst elements of a society, not the best, are the ones that are truly influential. And when one projects the $2 billion-a-year gambling racket in Massachusetts on a national scale, the colossal American investment in corruption becomes apparent in an underworld balance sheet so huge it reads like the federal budget.

For the magnitude of this tally of dishonesty (though officials do not phrase the issue precisely this way), one can cite some impressive sources. Attorney General William G. Rogers has estimated the total gross take of the rackets in America at about $20 billion a year, of which half is represented by gambling. J. Edgar Hoover, Director of the Federal Bureau of Investigation, puts the racket toll at about $22 billion, a figure that would mean the underworld is reaping an $11 billion annual bonanza from gambling. Against the background of such eminent official estimates, the analysis that is probably the most authoritative of all is readily seen to be also the most conservative.

This final figure comes from Milton R. Wessel, the energetic young New York corporation lawyer who headed the short-lived U.S. Attorney General's Special Group on Organized Crime. As the head of a unit whose task (until the rug was abruptly pulled out from under it) was to break up the big-time rackets, Wessel naturally devoted a lot of attention to developing an estimate of just how big the rackets were. His approach, it must be emphasized, was essentially conservative. For example, in attempting to evaluate the revenue that horse-race bookmaking pours into the coffers of the underworld, he used a ratio that virtually every authoritative source considers too low. He assumed that, for every dollar bet in the parimutuel machines at the nation's tracks, three will be bet with bookies. The Massachusetts Crime Commission, which used the same conservative ratio in compiling its figures, pointed out that the lowest estimate it obtained from the gambling fraternity itself was 4 to 1 and that 5 to 1 was generally considered to err on the side of caution.

With such a preface, one may be prepared to accept the validity of Wessel's final figures — and their shocking import. Baldly, his analysis showed that the American public spends *$47 billion a year* on all forms

of illegal gambling — a figure bigger than the national defense budget! This is the total turnover, the total "handle." Out of this huge flow of cash, Wessel and the experts on his organized crime task force estimated that the underworld keeps about *$9 billion*. But, Wessel points out, this is not all clear profit. "Fully half of the syndicates' income from gambling is earmarked for protection money paid to police and politicians," he says flatly and unequivocally.

Just what does a gross underworld gambling profit of $9 billion a year actually mean? Just what does fully half of this, or $4.5 billion a year invested in the payoff, actually mean? In dealing with figures so grandiose that they escape the grasp of the normal human imagination, one needs some solid basis for comparison. For instance: In its peak year of 1955, the automobile industry — one of the nation's greatest — turned out a flood of new cars on which Detroit put a wholesale value of $12.4 billion. In more average years, its output has borne a wholesale price tag of $8-$9 billion. Putting Wessel's figures into perspective against this background — and it must be emphasized again that his figures are more conservative than those of Rogers or of Hoover — the picture that emerges is simply this: the underworld's gross annual gambling *profit* is roughly comparable to *the entire wholesale value* of American automobile production in an average year. And when one considers that "fully half" of this enormous gangland take — a staggering total of $4.5 billion annually — is invested in bribery and the purchase of political influence, then one is forced to the inevitable conclusion that corruption is indeed one of America's largest industries, an insatiable monster that consumes fully half as many dollars as are represented in an average year by the *total output* of America's automobile factories, one of the basic bellwethers of national prosperity.

Random Sampling

Fantastic? Incredible? Consider.

¶ In Richmond, Va., certainly not one of the nation's greatest metropolitan centers, federal authorities last March uncovered the activities of a numbers operator who was handling $2 million a year in bets. Records showed that, during one four-year period, he had averaged $2.2 million a year. Testimony before a federal grand jury indicated that Richmond policemen were being paid from $3,500 to $5,000 a month to let the system operate.

¶ In Miami, Fla., last winter, Mayor Robert King High called for an investigation of a $100,000-a-week Bolita operation, a form of numbers play. He charged that 10 per cent of the proceeds were going to local police in pay-offs. Though Bolita is a nickels-and-dimes operation, the gambling game of the extremely poor, the weekly play indicated that this racket alone involved a cash flow of more than $5 million a year in Miami.

¶ In New Orleans, La., despite the specific disclosures of the Kefauver Committee nearly ten years ago, the Carlos Marcello mob, unhampered by a law that sees no evil, hears no evil and speaks no evil, is still

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running wide-open multi-million-dollar rackets of every kind — slot machines, handbooks, huge gambling games. In one extraordinarily frank television interview in July, 1959, one of the old-time operators in Louisiana — a man who had begun with a handbook and later had become one of the local agents for the slot-machine empire of Frank Costello and "Dandy Phil" Kastel, a connection that hadn't kept him from serving eight years in the Louisiana Legislature — described the facts of modern life in bald and uncompromising terms. He said he believed "absolutely" that "every man has his price"; that a bookie couldn't stay in business "twenty minutes" without paying for protection; that the way to get a bill introduced and passed in the Louisiana Legislature was to pay for it; that in eight years' service in the legislature he hadn't met a single politician who wasn't on the take, but that, being a charitable and generous man, he would estimate that perhaps only 98 per cent of the lawmakers were crooked; that the profits of gambling are so enormous "You can take $300 and get in a handbook and become a millionaire in four or five years. . . ." And, if you're really greedy and want to take chances, said this expert, you can make a killing in a single year.

Such is the picture of a widely and badly corrupted society. Even a random sampling of experience like this shows that the payoff has become a common denominator of American life. This is true in Massachusetts, with its Puritan background and heritage; in New York, in Virginia, in Florida, in Louisiana. The locale does not matter; what does matter is the partnership that exists between the crooks of the underworld and the crooks in uniform and in public office. When this partnership is so entrenched that the nickels-and-dimes numbers game can mean a $2 million annual racket in a city the size of Richmond, or $5 million in Miami; when this partnership is so entrenched that a man can start a handbook with $300 in New Orleans and become a millionaire in less than five years — then one begins to get some idea of the tremendous corruptive power that the ceaseless flow of gambling cash has put into the hands of the most brutal forces in American society: the thugs, swindlers and killers of the underworld.

An extra dimension of depth and vividness is given the portrait when one examines some of the most important evidence compiled in recent years — that developed during the past spring and summer by the New York State Commission of Investigation. The New York hearings are vital to an understanding of the crime-and-corruption problem because they were based so solidly on specific evidence uncovered in sweeping raids conducted by agents of the commission and the New York State Police in late October, 1959. Months-long preparation preceded the raids; they were so completely and uniquely successful that one hundred major books across the entire breadth of the state were knocked off at precisely the same minute in one afternoon; and the detailed records seized in the surprise swoop eliminated guesswork from estimates and provided a solid, factual picture of the magnitude of the big-money game of the underworld: bookmaking.

Bucolic Vice

In the process of this accomplishment, important in itself, the New York commission turned a strong and significant spotlight on a little-regarded aspect of the gambling racket — the manner in which it extends into even the grass roots of America. We have become callous and inured to the spectacle of crime and corruption in our cities; we have assumed that the rural scene is purer. This, as the New York commission showed, is a false assumption. Take, for example, the town of Falconer. It lies in upstate New York on the fringe of the Buffalo area near the Pennsylvania border; it has a population of less than 5,000. Yet it supported a flourishing bookmaking operation with interstate ties to Minneapolis, Detroit, Washington and Wilkes-Barre, Pa. Falconer was not an exception; it was typical. The New York commission found that the underworld had left virtually no rural soil untilled, and it stated positively, as an axiom of modern life, that it was almost impossible to find a town of 10,000 that was without its bookmaking operation.

Highlights of Crime

Against this background, the specific disclosures that emanated from the New York hearings have a special validity and significance. Here are some of the high points:

¶ The hundred raided books — that is, the hundred central bookmaking operations — handled bets totaling $250 million annually. Even a 10 per cent margin of profit (a conservative estimate) meant that the underworld was cleaning up $2.5 million a year from these hundred books alone. But this was not the full picture, nor the full take. The raided books were not the only ones operating in upstate New York; they were simply all that the commission and State Police could raid in a single afternoon. There were at least another hundred books running in the same area at the time, and so the betting "handle," and the consequent take, may well have been double the $250 million amount established by the raids.

¶ The existence of an illegal business flourishing on this scale means that there is literally a small army of racketeers wedded to the interests of crime. Statistics of the New York commission showed that, on an average, each of the hundred books employed at least ten runners, a total force of 1,000. Since the raids of October, 1959, the New York commission has identified other operations and other active participants, compiling a card file of more than 3,000 persons engaged in upstate New York bookmaking alone. In the nation, it is estimated, gambling supports 50,000 master bookies and some 400,000 small fry.

¶ Commission investigators established that, in just eight weeks, one Canadian bookie with whom the upper New York State boys were doing business made a *profit of $500,000 on baseball play alone.* "This is *not* an estimate," William D. Walsh, assistant counsel to the commission,

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declared during the hearings. "We accurately determined this during the course of the investigation." Analysis by expert accountants showed that the twelve largest books among the one hundred raided did a gross annual business ranging from $5 million to $10 million apiece. Ever hear of the town of Watervliet? It is tucked away in the Troy-Rensselaer industrial area not far from Albany. When New York raiders struck the book operated there by James and Frank Cocca, they were fortunate enough to seize records containing details of the gross play for the last thirty-two days. In that time, just a little over a month, $512,271 had been bet with the Coccas — an average of $16,000 a day, or $4,992,000 a year.

¶ This tremendous illicit business, as the Massachusetts Crime Commission had reported three years earlier, was being conducted almost as openly as a supermarket. Walsh, who masterminded the New York investigation, testified that some books had operated at the same location for thirty years. Some of them — and the exact addresses of their businesses — had been identified in testimony before the Kefauver Committee nearly ten years earlier; but this public exposure had not impaired their racket or induced them to move even across the street. They were still doing business at the same old stand (a circumstance that, it would seem, should rob local police and law-enforcement officials of their favorite alibi — that they were poor innocents who didn't know; that, in a word, they were just plain stupid).

¶ Across the entire sweep of New York State, commission investigators found representatives of the law unable to give any satisfactory explanation for the manner in which they allowed multi-million-dollar rackets to run wide-open right under their august noses. In Ithaca, N.Y., football pools were so commonplace that discarded slips could be found on the streets all around the Cornell University campus; the town bookmaker had been conducting his business for years from a hall not seventy-five yards from police headquarters (running it so openly that he even had a public betting booth at which he wrote policy slips and booked horse-racing); the same master gambler and his associates operated a gambling game with a $30,000-$40,000 nightly play in a lodge hall whose windows were little more than an arm's length away from the side wall of a theatre run by the town's mayor. In Syracuse, the *Herald-Journal* conducted a months-long crusade against the gambling rackets; it printed more than 200 front-page stories; in one series, it named the exact blocks in which each of more than twenty gambling spots was located. Police, as usual, promised a vigorous crackdown; but more than a year later, when the state commission and state police went into Syracuse, they found ten of the spots still flourishing right where the *Herald-Journal* had said they were. Even worse, if possible, was the situation in Buffalo. So wide open was this city, the second largest in New York State, that one of the commission's investigators, on his first night in town, was steered to a spot where he could get gambling "action" by a policeman in full uniform. Subsequently, the commission discovered that a desk lieutenant in Police Headquarters was actually running his own book.

Myths of Gambling

When one finds a police lieutenant in headquarters doubling as a bookie, one has completed in definitive fashion the cycle that merges the law and the lawless. Indubitably, the cycle exists; it flourishes. The attorneys for the defense will argue, of course, that gambling is just a peccadillo; that gambling graft is really "honest" graft; that the law is not corrupted to its vitals by it because it does not involve the protection of any really heinous crime. This argument is based upon myths that have been widely promulgated by the takers to justify their taking — and that have been widely swallowed by press and public. These dual myths would have us believe that the professional bookmaker, the professional gambler, is a "gentleman" crook furnishing a genteel service to gentlemen who wish to experience the thrill of hazarding and losing their money; and so there is nothing really wrong if a cop takes a little "honest" graft for permitting these "gentlemen" of the underworld to run a racket that is not really a racket, but almost indeed a kindly service to mankind.

Charmed Life

No defense of dishonesty could be more dishonest. It should be obvious that the instant a policeman or a public official takes, he takes — period. He is obligated; he is tied by his own thievery to the thieves with whom he deals; and he has no choice, since he dare not risk self-exposure, but to support and sanction them in all their doings. Of course mobsters, even major mobsters, do at times get arrested; but anyone who has studied their records knows that they almost invariably lead a charmed life, that hardly ever are they convicted. A man must spend a lifetime building up opprobrium — and then run into a Kefauver buzz-saw — before, the law actually becomes incensed enough to send him to jail — and then only if his name is Frank Costello or Joe Adonis. This elemental fact of life is in itself an expression of the gilt-edged protection that the mob has purchased and enjoys. It is a fact of crucial importance once one realizes the complete fallacy of that first myth that the gambler is a gentleman crook. The well-documented record says that he is not. He is a racketeer, primed for any deed from peddling narcotics to committing murder.

Scratch a bookie and you'll find all kinds of encrustments of filth. The Massachusetts Crime Commission, its intelligence insulted by the corny refrain that a gambler is really a gentleman, turned the spotlight on the pasts of seventeen of these "nice fellows" selected at random; it found that their offenses ranged from attempted rape to suspicion of murder. One "nice fellow" had a police record thirty-three notches long, including such offenses as assault and battery, counterfeiting, breaking and entering, possession of burglars' tools, assault with intent to rob while carrying a dangerous weapon. Another had been arrested forty times for offenses including jail break,

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breaking and entering, violation of the White Slave Traffic Act, armed robbery, assault and battery with intent to murder, possession of burglars' tools.

Even more striking than the recitation of such dossiers was the dilemma in which the Massachusetts commission found itself with respect to what has sometimes been called "the crime of the century" — the January 17, 1950, Brink's holdup in which an armed gang wearing Halloween masks escaped with $2.5 million in cash and securities. So intertwined in Boston were the strands of gambling and top-level, violent crime that the Massachusetts commission was plagued by the fear that, in seeking evidence about gambling, it might inadvertently offer immunity from prosecution to a Brink's case defendant to get him to testify. The commission on one occasion did almost fall into the trap. As it later reported, it "did summon Vincent Costa, one of those convicted for his part in the robbery, to question him concerning his part and the part of his brother-in-law, Anthony Pino, another Brink's defendant, in the Treasury Balance lottery operations." Fortunately for the commission, Costa took the Fifth Amendment against self-incrimination; but the ties of gamblers to the most sensational holdup of the century, shown so clearly in the Brink's case, help to illustrate the truth that the professional gambler is a thug who will not balk at any type of crime that leads to a fat buck.

Dope: a Sideline

This vital fact has been expressed most vividly perhaps in one of the most nefarious rackets of our times — the narcotics traffic. You will frequently hear a plainclothesman protest that there is really nothing wrong with taking a little "honest" graft from a bookmaker; but that it is different, of course, if a cop takes "dirty" graft from a narcotics peddler — *he* (our grafting and self-righteous plainclothesman) would never, heaven forbid, sink to *that* level. Such protestations are hypocrisy's wasted breath, for the plain fact is that there is no difference: the bookie and the narcotics trafficker are frequently one and the same person.

The investigations of the Federal Bureau of Narcotics have proved this point time and again. A couple of top-level cases show the manner in which underworld millions, reaped in gambling, have been used to finance the international narcotics traffic.

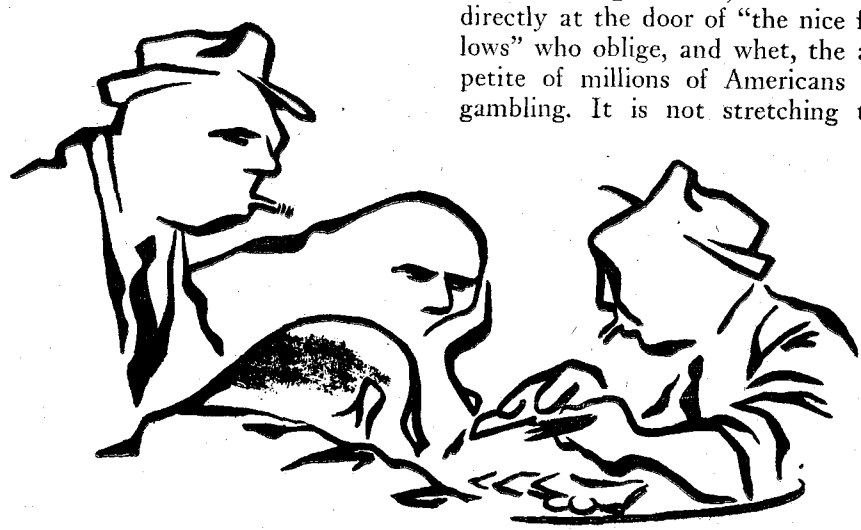
Heroin Imports

One of the most recent and vivid examples is the career of Harry Stromberg, alias Nig Rosen. Stromberg had been an associate of Louis (Lepke) Buchalter, the master extortionist of the New York mob. Lepke went to the electric chair in Sing Sing in the Murder Inc. probe, but Stromberg lived to enjoy bigger and better things. He became a major gambler in the New York-Philadelphia area; he reaped a harvest from gambling ventures in New Jersey, Florida, Las Vegas and Cuba. In the early 1950s, Sol Gelb, alias Solly Gordon, who had been financing his international narcotics traffic with the aid of such gamblers as Benny (Buggsy) Siegel and Dutch Goldberg, found that he needed heavy cash for expansion, and he turned for help to Stromberg. Heeding this touching appeal, Stromberg took over the financial end of the business and made heavy deposits in numbered accounts in Swiss banks. From 1951 to 1955, Stromberg and eighteen associates, who were subsequently convicted with him, imported hundreds of kilograms of heroin, using a chain that ran from Turkey through laboratories in France and smugglers in Mexico, Cuba and Canada. In one eighteen-month period, the Stromberg gambling-narcotics combine imported fifty pounds of heroin a month through the ports of New York and Boston alone. Some of its individual shipments had a value in this country of $5 million.

An equally colossal operation and one that featured an even more direct merger of the gambling-narcotics rackets was masterminded by Vito Genovese, the Mafia chieftain who has been called "the kingmaker of the underworld." As the Federal Bureau of Narcotics showed at Genovese's trial, his favorite technique featured a direct pairing of policy and narcotics. Time and again Genovese's mob muscled into new areas in East Harlem and the Bronx. Its first procedure was to establish a neighborhood policy bank; its next, to use its numbers runners to peddle narcotics. The size of this operation, in which one hand constantly fed the other, may be gleaned from the fact that Genovese's mob used its combined gambling-narcotics millions to import heroin from Mexico and Cuba and distribute it throughout the United States. Through its policy outlets in New York, the mob handled its own retailing; outside the city, it sold drugs in huge, wholesale lots to distributors in Cleveland, Chicago, Philadelphia, Las Vegas and Los Angeles.

"Those Nice Fellows"

Such is the record that demonstrates that every crime in the book, not excluding murder, can be laid directly at the door of "the nice fellows" who oblige, and whet, the appetite of millions of Americans for gambling. It is not stretching the



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truth to say that the bookie is the agent who invests the funds of the $2 bettor and the 50-cent numbers player in the pay-off and corruption of public officials on the one hand and the financing of large-scale rackets like narcotics peddling on the other.

Underworld's Treasure Chest

A Brooklyn grand jury that made an extensive, special study of the gambling evil in 1958 came to the conclusion that gambling represents the treasure chest of the underworld, that it finances every other kind of racket. In a strong and clearly worded presentment, the jury said:

> Gambling is the very heartbeat of organized crime both on a local and national scale. . . . From the evidence presented to us, we state categorically that gambling crimes are linked on innumerable occasions with the most obnoxious criminal enterprises known to man. The public may think of the bookmaker in the corner candy store as an innocent betting commissioner operating a legitimate business. We have heard the evidence. We know otherwise. Actually, if you scratch the professional operator of gambling ventures, you find the narcotics peddler, the loan shark, the dice-game operator, the white slaver, the murderer. Brooklyn has been the scene of a number of unsolved gangland homicides over the past few years. Almost every one of those killings is involved with gambling ventures in one form or another. In one case where seven narcotics dealers were convicted in Kings County last year, six were actively engaged in gambling activities, including bookmaking and policy, which they used as the source of funds for their deadly trade in narcotics.

It cannot be too strongly emphasized that gambling is a dirty and crooked business, run by crooks who have no intention of giving the sucker a chance. You hear much talk about "an honest house" and "honest percentages," but time and again mobs welsh on big killings and gambling games are almost always rigged so that not even a miracle could give the player a chance. The extent to which this rigging goes was vividly illustrated in a seizure made by the New York commission's raiders on their 1959 state sweep.

In one bookie establishment, the raiders found an eighty-page catalogue, a miniature Sears Roebuck, distributed by a Chicago firm that evidently makes a profitable business out of manufacturing crooked devices to help crooked gamblers fleece the suckers. The manufacturer, of course, disclaimed any intent "to perpetrate a fraud," but then went on to describe just how handy his devices would be to a man with unbridled larceny in his heart.

Larceny Made Easy

Advertisements in the catalogue described the virtues of crooked dice, loaded dice, dice that have particular points that will come up more frequently than others, card spreaders, card holdouts, marked decks and contact lenses. The rigged dice sold from $10 to $30 a set. "We cannot recommend these dice too highly for taking care of dangerous front-line play," the catalogue proclaimed, describing the virtues of a particular set. Of another, it boasted: "These dice will stand close inspection and get by in fast company." Of still another: "This set will give the banker or fader a very strong percentage, no switching. . . ." The firm also highly recommended a device that can be attached to the lower part of the coat, where it holds and conceals a pair of loaded dice until the crucial moment has come. "Lower your hand and, presto, like magic, you have switched another pair of dice into your hand. It takes very little practice to be an expert switcher in a few minutes," the catalogue assured its customers.

Cards provide no refuge for the lamb who has been lured to the shearing. Like the dice, they are rigged. The manufacturer's catalogue described and illustrated "contact lens cards that cannot be seen with the naked eye." The cards look like any legitimate, unmarked deck; but once special contact lenses have been affixed to a gambler's eyeballs, hidden symbols on the back on each card spring to life, and it becomes as easy to read an opponent's hand from the back as it is for him to read from the front. The value of such magic lenses to the sharpie is indicated perhaps by the fact that the Chicago manufacturer was advertising "new improved triple contact lenses" at $160 a pair.

When a firm can afford to issue an eighty-page catalogue devoted to rigged devices, when it can disseminate this on a national scale, the character of the men who cater to the gambling thirst of America becomes obvious. As Gertrude Stein might have said, "a crook is a crook is a crook" — yet these are the characters with whom, through the medium of an estimated $4.5 billion a year in "honest" graft, the police and politicians of America are in partnership. The sickening stench of that partnership reeks in many phases of American life. The corruption left by corrupt money is everywhere.

Paradise in Sports

The sports field, in which so much heavy betting money is at stake, is especially vulnerable and especially redolent of the odor of the fix. Nowhere perhaps does the rigging, and the calamitous effects of the rigging, show more clearly. For instance:

¶ It has been well known for a long time that prize fighting has been so moth-eaten by racket cash that it is generally suspect, but probably few people have any idea how completely boxing has been killed as a betting proposition. The New York State raids showed graphically that the sport has been absolutely discredited with the public. In the 100 raided books, boxing "and miscellaneous bets" accounted for only 1 per cent of the business.

¶ Professional basketball seems likely to follow the path of boxing. Rumors have been widely prevalent for the last three years that some professional basketball players have been "taking" to throw games or rig the point margin; there have even been reports that certain referees are corrupt — as gamblers say, "We own their whistle." The general public is not yet sufficiently aware of the smothered scandal to stop betting on pro basketball; but the bookies, as the New York commission found when it probed in depth into crime and police corruption in Buffalo, are more sensitive. Bookies there testified that they have wiped pro basket-

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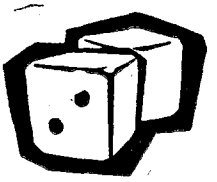
ball off their books — in other words, they would no longer accept "action" on pro basketball games — because they were convinced these games are being rigged. It may be safely assumed that greedy bookies do not turn down business for nothing.

¶ Even more startling is the active partnership that exists between some legitimate race tracks and the mob through the medium of what is known as "comeback" money. The explanation is this: the object of the bookies is always to avoid the heavy loss, the big killing. If wins and losses on a day's wagering exactly balance, the bookie is happy because he is charging a healthy percentage off the top for his services and so comes away with a handsome profit. As a result, if there is a heavy and dangerous play on one particular horse, the bookies seek insurance. One way to get this is to send an agent to the track where the race is being run to put $50,000 or even as much as $100,000 into the pari-mutuel machines. Such a heavy play whacks down the odds on the dangerous horse to a painless level, and in addition, if the nag wins, the bookies collect. If he doesn't, they have at least balanced their books and insured their profit. This practice has led to active connivance between some so-called legitimate tracks and the mob. The tracks woo the mob money, which serves only to rob their own pari-mutuel bettors by knocking down the odds these bettors should get. One witness before the New York commission, confirming the practice that had been described to Massachusetts probers some years earlier, testified that some tracks urge the bookies to bring in and bet their heavy cash, saying: "Bring it in to the track, we will give you .5 or 1 per cent." In other words, he explained, the legitimate tracks often pay a mob agent, known as the "commission broker," as much as 1 per cent commission to lure those heavy mob bets of $50,000 to $100,000 into the pari-mutuel machines.

Such is the picture of a racket that soils all it touches — of a racket whose tentacles of corruption thread deep through every phase of American life, extending even into a game like pro basketball, affecting even legitimate betting in legalized pari-mutuel machines at legitimate race tracks.

Unshakable Grip

It is nonsense for police officials and law-enforcement authorities to repeat the weary old refrain that they didn't know. They can't help knowing. Across the nation the very mobsters who were identified nearly ten years ago in Kefauver Committee testimony are still doing racket business at the same old stand. All that has happened is that they have grown more wealthy, more powerful, than they were in 1951. When even the shock wave of public reaction that the Kefauver television drama inspired cannot stir the law to do its duty, when even page-one newspaper exposés like those in the Syracuse *Herald-Journal* cannot enlighten it, one begins to get some idea of the tight clutch of corruption. It is a hold so strong that not even public exposure and embarrassment can shake it.

CHAPTER  RACKET in a GOLDFISH BOWL

BOOKMAKING, the most remunerative of the underworld's multi-billion-dollar gambling rackets, has the advantage of a certain degree of secrecy; yet, actually, despite the protestations of police that it is so hard to ferret out, it runs virtually in a goldfish bowl.

The paradox is implicit in the very nature of the business. A bookie handles most of his transactions by telephone, with a minimum of personal contact, and the telephone is of course a private and secretive device. If a bookie's needs could be limited simply to answering a phone and taking bets, he would probably have the world's most cop-proof racket; but unfortunately for him, to operate his business, he needs certain vital services. And these services are a giveaway to his activity.

The pressing needs of a bookie are three: He must get "the line"; he must be able to "lay off" the dangerously heavy play; he must get fast results from the race track.

Getting "the line" means that the bookie must have constant access to an expert and recognized handicapper who can keep him up to the minute on just what the points and odds are on a baseball game, a basketball game or the weekend's college and professional football competition.

In America today there is just one "line" that is recognized nationally as *the* line. In popular parlance, it is known as "the Minneapolis line," and if you take a look at the sports page of your favorite newspaper during any given week this fall, you are almost certain to find recorded there "the Minneapolis line" on the point spread on Notre Dame and Princeton and Harvard. This is an inestimable journalistic service, disclosing the findings of the nation's betting "bible" to alumni engaging in friendly bets — and to patrons of the bookies.

The "Minneapolis line" is the product of a firm known as Athletic Publications Inc., run by Leo Hirshfield, a short, gray-haired man in his sixties. Hirshfield maintains a four-room suite in a large Minneapolis office building. In one room are several desks and a battery of telephones. At each desk and phone sits a man, before him a list containing the printed code numbers representing Hirshfield clients who may be calling for the latest odds. A staff of eighteen persons mans the tele-

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phones, runs the office and sets the point spread and the odds on sporting events all over the nation.

Each Monday, Hirshfield mails out to his "clients" a schedule of the week's coming events. In the football season he distributes 25,000 to 30,000 lists each week. Since most customers need more than one copy, this probably means that he has 8,000 to 10,000 "clients" during this peak period of the year. During the remainder of the week, the "clients" call by telephone to get what Hirshfield calls his "early line," his "midweek line," and his "late line." The "client" calling for information always identifies himself by his code number — never by name. For instance, "102" may call from Cincinnati. The Hirshfield employee answering the phone makes a check by the symbol "102" showing service rendered; then he reads off the odds as fast as tongue can clack the numbers. The man at the other end of the phone would be hopelessly lost if he did not have the printed Hirshfield list on which to jot down the odds in the exact order that they are given.

The printed schedules, so essential to the service, cost Hirshfield subscribers 20 cents each; the phone updating of "the line" costs from $15 to $30 a week, depending on the amount of advice a "client" seeks.

An Essential Service

Hirshfield founded Athletic Publications in 1940, when he bought the former Gorham Press and expanded the business. For twenty years, with a minimum of difficulty, he has supplied the gambling industry of the country with a vital service. In 1957 he encountered some minor trouble with authorities in Minneapolis and moved his enterprise to Davenport, Iowa; but within two years, affairs in Minnesota righted themselves and he moved back to his native city. Indignation comes easily to Hirshfield when anyone suggests that his business is tied closely to the illicit gambling industry of the country.

"This is a legitimate business," he insists, with some heat. "I don't know who uses it. I simply provide a service. I can't regulate what people do with the information I give them."

Myles Lord, Attorney General of Minnesota, told the New York Commission of Investigation that Hirshfield's premise of legitimacy is indeed a hard legal nut to crack. The handicapper, he pointed out, is not making bets or taking bets; he is, as he says, simply providing a service; and in giving out information to out-of-state callers who seek it, he is not fracturing any local or state law.

So Hirshfield continues to run wide open, issuing "the Minneapolis line" to "clients" all over the nation. Some of them, he insists, are sports writers who want his views; some are heavy bettors who figure his service is a valuable guide line to them in contemplated gambles; and many — though Hirshfield insists he doesn't know this — are professional bookies.

Lively Office

The master handicapper's posture of complete innocence received some rough handling in the New York probe. When Eliot H. Lumbard, chief counsel of the New York commission, and Bill Walsh, his top assistant, began to map their drive against upstate New York bookies, it occurred to them that the quickest and best way to get on the spoor of their quarry would be to check the Minneapolis clearing house of "the line," where most of the contacts inevitably would have to show. Walsh, a chunky twenty-nine-year-old prosecutor who formerly served as an Assistant U.S. Attorney and helped to prepare the federal narcotics case against Vito Genovese, decided to take a detective with him and pay a surprise visit on Hirshfield.

The two New Yorkers walked in unheralded in mid-afternoon of a weekday during the basketball season. Basketball play is considerably lighter than football, and Hirshfield mails out only about 15,000 basketball line schedules compared to the 25,000-30,000 he ships each week in football season. Walsh and his detective, then, called at one of the slowest times of the year and at

one of the slowest times of day and week; but, even so, the Hirshfield office was buzzing.

The phones kept shrilling; Walsh counted twenty-three calls in fifteen minutes. Hirshfield employees answered the calls, checked off the code numbers on their lists, ran swiftly through the latest "line."

Walsh noted and was intrigued by one procedure. When Hirshfield's handicappers sniff the reek of a fix, as they did in the college basketball scandals in the early 1950s, for example, they warn their customers by putting the point spread they quote "in a box."

"Thus, while we were there," Walsh told the New York commission, "we heard one game which was called 'five, in a box.'" He added that anyone studying "the line" in 1949-50 would have known of the college basketball fix at once — and well in advance of official action — because he "would have noticed repeatedly . . . all New York games were 'in a box.'"

The New York investigator was anxious to find out how Hirshfield arrives at his "line," how he determines whether figures should be put "in a box." The stocky, square-faced master of "the Minneapolis

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Football Line

FAVORITE	Pts.	UNDERDOG
	Friday	
Miami (Fla.)	3	No. Carolina
	Saturday	
Penn	6½	Dartmouth
Boston U.	1½	Holy Cross
Penn St.	3	Missouri
Duke	6	Maryland
Yale	16	Brown
Northwestern	3	Iowa
Michigan St.	6	Michigan
Ohio St.	11	So. California
Notre Dame	3	Purdue
Clemson	14½	Virginia Tech
Georgia Tech	6½	Florida
Georgia	12	So. Carolina
Minnesota	7½	Indiana
Syracuse	7	Kansas
Pittsburgh	1½	Oklahoma
Iowa St.	3	Nebraska
Tennessee	13	Miss State
Army	6	California
Washington	11	Navy
Auburn	Pick	Kentucky
Wake Forest	5½	Fla. State
TCU	1	Arkansas
Alabama	10	Vanderbilt
LSU	½	Baylor
Rice	3	Tulane
Texas	13	Texas Tech
Columbia	1½	Princeton
	NFL	
	Friday	
Philadelphia	6½	Dallas Cowboys
	Sunday	
Baltimore	7	Chicago
Giants	1	St. Louis
Cleveland	7½	Pittsburgh
Green Bay	9	Detroit
San Francisco	7	L. A. Rams
	AFL	
	Sunday	
L. A. Chargers	Pick	Buffalo
Dallas Texans	13	Titans
Denver	7	Oakland

A New York daily makes it easy to bet on football games—"amateur" or "pro."

line" has been quoted as saying that he doesn't know the first thing about handicapping, that he relies on his expert and dedicated staff. Obviously, Walsh found, Hirshfield's information is gathered from a wide variety of sources. He subscribes to daily newspapers in every section of the nation and to an even greater number of college publications. Each fall, he writes to college publicity bureaus for their forecasts and information on their teams, and his Athletic Publications Inc. regularly receives the daily releases from a vast majority of the nation's top schools. From such sources, details can be culled about injuries, condition and attitude, all key factors in determining the performance of a squad on the gridiron on any given Saturday afternoon.

Hirshfield angrily denies that he has any contact with coaches or lower echelon clubhouse personnel, but he does boast of a wide and friendly acquaintance among the leading sports writers of the nation. He points out that some of the top by-line journalists do not hesitate to write at times for some of his various sports publications — a dual tie that, it would seem, might prove valuable on occasion in providing Hirshfield with inside information. In addition to all these sources, Hirshfield has one other — and perhaps not the least of the lot. Some bookies testified in the New York probe that Hirshfield not only supplies them with the "line"; he picks their brains for information. Since a bookie is prime repository for scuttlebutt — and since he is apt sooner than anyone to smell a local fix that can cost him money — his knowledge, it would seem, may well be at times invaluable to Hirshfield.

In any event, pooling the data obtained from all these sources, Hirshfield's experts make their prognostications, battle out their conflicting opinions, and finally come up with "the line" that is to be issued to their "clients."

Inviolate 'Clients'

The identity of these "clients" was the principal concern of Bill Walsh. As he later testified before the New York commission, he felt that a list of Hirshfield's customers would provide "the key to the whole conspiracy"; but when he asked for such a list, Hirshfield absolutely refused to give it out. "And so far," Walsh concluded, "no one has made him."

Hirshfield is not, of course, the only purveyor of "the line," and he is not the only one who feels that the names of the gentlemen with whom he does business is none of the law's affair. Walsh encountered the same secretive attitude when he went on to Chicago, where the Angel-Kaplan Service runs what is generally regarded as the No. 2 "line" in the country. Here, too, he found it impossible to get a line on the users of "the line." But he did at least discover one bit of evidence that illustrated graphically just what a huge business running even a second-rate "line" can be.

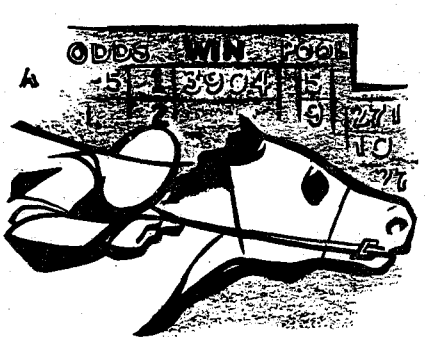
On the wall of the Angel-Kaplan office hung a huge map of the United States, stabbed with pins like a pin cushion. "Each pin indicates a customer for a different type of line all over the United States," Walsh testified. "There are thousands of pins in this map."

Though the New York commission did not try to estimate the profit in the Hirshfield and Angel-Kaplan operations, it is clearly obvious that each is a multi-million-dollar business. Even if one completely disregards Hirshfield's revenue from his mailed line sheets and his athletic publications, even if one assumes that he averages only 5,000 steady customers a year at $20 a week (both ultra conservative figures, since his full service costs $30 and he has at least double the number of customers during the peak season), one arrives at an estimate of at least $5,200,000 gross a year. Such are the wages of the free enterprise that supplies the first of a bookie's most pressing needs; such are the rewards of "the line."

Loot of the 'Layoff'

The second of the three musts in a bookie's life involves money in even more fantastic proportions. This is the loot of the "layoff." Inextricably mixed up with the "layoff" is a not-inconsiderable item known in the trade as "vigorish." This is the bookie's guaranteed edge. On horse racing, for example, the "payout" is determined by the odds quoted on the pari-mutuel machines at the tracks. But, as the Massachusetts commission pointed out, the tracks always take a percentage "off the top" to pay taxes to the state and the costs of running the racing plants. In Massachusetts, this "takeout" averages 15½ per cent before the pari-mutuel odds are figured. In illegal betting this 15½ per cent goes to the bookie, who has no race track to maintain, no pari-mutuel tax to pay, nothing to worry about — except, of course, "protection."

This same item of "vigorish" dips its grasping hand into every type of betting. Take a look, for example,



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at what happens on a heavyweight championship prize fight — an event that, despite the general opprobrium in which the sport is held, does lure heavy betting. In last summer's return battle between Ingemar Johansson and Floyd Patterson, the early odds were "6-5, pick 'em." This means that, if you liked Patterson, you had to wager $6 on the chance of winning $5; similarly, if you liked Johansson, you had to put up $6 to win $5. A bookie having the same amount of money bet on each fighter was rolling in clover. Obviously, only one man could win, and it was a matter of complete indifference to the bookie who it was. For, with neatly balanced books, he would pay out only $11 of each $12 he took in — a clear $1 margin of profit on every twelve.

Clearly, with "vigorish" going so vigorously for him, the only time disaster can overtake a bookie, aside from the unlikely hazards of the law, comes if he allows himself to be overloaded on one betting proposition — one horse, one fighter, one football team. This elemental fact of bookmaking life has led to the development of the "layoff." This means simply that, if one bookie is overloaded on a horse, he hunts another bookie, not faced with the same problem, with whom he can bet some of the play on the dangerous nag. This is known as "spreading the play," and bookies have a mutual understanding to help each other out in this manner, each balancing his books and letting "vigorish" pour in a green cascade.

Simple "layoff" problems can be handled on a neighborhood or regional basis; but on major events, with heavy play, this is obviously impossible. Huge money, sometimes millions of dollars, may ride on a single event. This means that the "layoff" operation must be bankrolled heavily; it means, almost inevitably, that there has to be a national clearing house, to which small and medium bookies all over the nation can appeal in their need. Throughout the decade of the 1940s and into the early 1950s, the czar of the nation's "layoff" industry was Frank Erickson, the master New York bookie who ran his headquarters and accounting house just across the Hudson River in Bergen County, N.J. There Erickson handled "layoff" play from all of the forty-eight states. When the McCarran Committee, the predecessor of the Kefauver Committee, caught up with Erickson in early 1950, the law finally stepped in, Erickson went to jail, and the scene of activity shifted. But the system remained the same.

Describing the 'Layoff'

That system and the manner in which it still runs today was described in testimony in the New York probe by Joseph P. Manners, of Miami, Fla., a former Assistant U.S. Attorney and special assistant to the head of the Criminal Division of the Justice Department for the thirteen Southern states. Manners headed the active field force under Milton Wessel — the unit that labored all too briefly from September, 1958, to May, 1959, on the national bookmaking problem.

Manners pointed out that the "layoff" begins with the $2 bettor who places his wager with the small-fry handbook operating from the corner newsstand. This $2 bettor likes Black Jack in the third at Hialeah. As the morning passes, it becomes obvious that other bettors in the neighborhood like Black Jack, too, and the first thing the handbook knows his play is out of whack — he has $20 bet on Black Jack. So he contacts a larger book, one step up the ladder, and wagers $10 of the dangerous Black Jack play with him. Should this larger book find himself overloaded on Black Jack, he in turn tries to "lay off" the dangerous overload with the largest regional book; and if the play tilts the ledgers of the regional book, a large part of the load will be transferred to one of the two national clearing houses that now provide this type of gambling insurance. The smaller of these is located in Biloxi, Miss.; the larger, in Covington, Ky.

Biloxi is a wide-open town. According to Manners, gambling is "the only source of economy it has. . . . You walk down the street and every store has a one-armed bandit [slot machine], contrary to state law. . . ." The "layoff" headquarters is located in what is known as "the 406 Club" at 406 Magnolia Street. The telephone number is Idlewood 2-2633, and this number was extremely popular with upstate New York bookies who kept calling it to "lay off" with someone called "P.J." Manners says the 406 Club is "a typical gambling joint. You walk right in. There are tables. The old-fashioned board. They give you the results, and it's open to the public. The public doesn't want to change it."

In trying to check up on the Biloxi operation, Manners testified, he wrote to the local police and asked for a report on the premises and the phone activity at "the 406 Club." After a considerable lapse of time, this is the reply he got:

> Please pardon my delay in answering your letter. I have been out of office. The above is listed in the name of the 406 Club and this club is owned and operated by local boys whose reputation is, as far as I know, very good. If I can be of further service to you, please let me hear from you.

This bland official endorsement, this high-character reference for the "local boys" who were running an interstate gambling racket that stretched all the way from Biloxi to upstate New York and beyond, is typical of the lethargic forces of modern law. Yet, said Manners, in acid comment on the initiative of Biloxi police, "That phone averages over — I would say 1,500 calls a month going in." The callers, he said, were "federal tax-stamp holders" — in other words, professional bookmakers who have complied with federal law by registering and purchasing a $50 tax stamp.

Kentucky's Blue Grass

Important as Biloxi is in the "layoff" operation, it handles only a tithe of the business that flows into the nation's major "layoff" center —the Newport-Covington area of Kentucky. Even in the days of Frank Erickson, Covington had begun to handle a heavy proportion of the play, as the Kefauver Committee found in 1951. Nothing has changed since that memorable exposé except

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that the rackets in Newport and Covington flourish more rankly and prolifically today than they did then. Indeed, the New York Commission of Investigation this year pinpointed the Newport-Covington area, just a short taxi ride across the Ohio River from Cincinnati, as the "layoff" capital of the country. And it found that some of the same outfits exposed by Kefauver — the Ace Research Service and the New-Cov Bookkeeping Service, to cite just a couple — are still handling big "layoff" money, their location, names and businesses unchanged and unpurified by time.

Nobody Listened

To understand just how brazen is this continuing operation of the exposed lawless, basking in the full sunlight of the law's favor ten years later, one must realize what a strong spotlight Kefauver focused on the Newport-Covington area. He called it one of the major gambling centers in the United States; he stressed that every kind of gambling racket ran wide open there; he indicted the manner in which the Newport-Covington "layoff" moguls lured legitimate race tracks into collusion with the mob through the medium of "comeback" money. Kefauver, one would think, must have been shouting to a nation of deaf mutes; for today, nearly ten years later, nothing has changed — except, perhaps, for the worse.

One of Kefauver's more fascinating discoveries dealt with the "comeback" money that the Newport-Covington czars poured through the pari-mutuel machines to whack down the betting odds at the nation's tracks. A master of this maneuver, Kefauver found, was Louis (Rosy) Rosenbaum, of Newport, who handled a five-telephone "layoff" operation in a small office cuddled behind the high-sounding "front" name, the Northern Kentucky Hospitalization Insurance Agency. Even in 1947 and 1948, when Frank Erickson was still operating and the Newport-Covington sector had not yet become the nation's "layoff" capital, Rosenbaum had built up such a business that he had to pay income taxes of $200,000. A check of his

phone records showed that he made 1,053 long-distance calls in a single month; and testimony developed the stories of two "comeback" agents, Fred Cogan and Richard Remer, whom Rosenbaum kept busy making the circuit of the nation's race tracks to pour mob money into the pari-mutuel machines.

Cogan testified that Rosenbaum paid him $150 a week to station himself at a telephone near a race track. Throughout the afternoon, he would keep in touch with Rosenbaum's Kentucky headquarters by calling collect, and on Rosenbaum's orders he would go into the track and bet the designated amount on the specified danger horse. Funds for this procedure were constantly replenished by fat money orders wired to Cogan by Western Union.

Rosenbaum's other agent, Remer, had a far more cushiony setup at one track on his circuit — that at Bowie, Md. Here he had made special arrangements with track officials and was allowed to use a telephone in the track office. In addition, Bowie graciously permitted Remer to deposit a huge lump sum with its pari-mutuel clerk and to bet from the bankroll until it was depleted. The size of the "layoff" operation was indicated by testimony showing that at Bowie, one of the nation's smaller tracks, the commission agents or "comeback money men" poured $500,000 into the pari-mutuel machines in one ten-day period.

The Kefauver disclosures put a damper on activities in the Newport-Covington area for a time in the early 1950s; but by 1955 fear of rampant national virtue had subsided and the racketeers were running bigger and better supermarkets. In 1957, *The Reporter* magazine, in an excellent article that obviously no one on any level of law enforcement ever saw, tried to call national attention to the flourishing, unabashed and unblushing Monte Carlo in Northern Kentucky. James A. Maxwell, *The Reporter's* expert on the scene, found the flossy gambling room of the Beverly Hills Country Club, just six miles from the heart of Cincinnati, running at a steady tempo with two or three crap tables in constant operation, and a couple of roulette games, a chuck-a-luck session and several blackjack games all going.

Embarrassing Moment

Other gambling dens were running wide open, the bookmaking business was brisk, and wire rooms recorded and flashed the results from race tracks throughout the nation. Maxwell recorded one contretemps that seems to speak volumes about the real interests of the law. During the Kefauver probe in 1951, Newport Police Chief George Gugel had professed to be dumbfounded when informed about the state of affairs in his own town. He had conceded he was "surprised" to be told of such wide-open gambling goings-on "because I've never been in there. All I know is what somebody told me." Some five years later it became rather embarrassingly apparent that the chief, in the interim, had acquired a more personal knowledge. For the Louisville *Courier-Journal* managed to inspire a Newport detective, Jack Thiem, to raid Glenn Schmidt's Playtorium. When Thiem crashed the place, he was astonished to find Chief Gugel and three brother detectives on the premises. The *Courier-Journal* photographer attempted to record this mutually surprising confrontation for posterity, but Chief Gugel ordered him arrested and had his film destroyed. The final outcome was particularly appropriate; for, though Americans persist in trying to ignore the brutal fact, the only man who ever gets harmed in such encounters is the innocent who tries to uphold the law. Chief Gugel, it is true, was suspended, but only temporarily. He was soon right back on the job. But Jack Thiem, the detective who had

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had the presumption to pull a gambling raid, wasn't so fortunate; he got fired.

In view of this result, it is hardly surprising to find that the Newport-Covington area is still the flourishing nerve center of the nation's big-league gambling rackets. The New York Commission of Investigation's raids in late 1959 established that upstate New York bookies were funneling their top "layoff" play to both Biloxi and Covington, but principally to Covington. Eliot Lumbard, the commission's counsel, estimated that the Newport-Covington area provides "the basic insurance" for "perhaps 90 per cent of the bookmaking activity in this country." Walsh added that the investigation had shown Covington exercises important controls from the top. For example, he said, he found that Covington "assigns code numbers to upstate New York bookmakers." On one occasion, a New York bookie wanted to get his code number changed, but the Covington headquarters refused to accommodate him "until it could be checked with the boss."

Men at the Top

When a bookie in upstate New York has nothing to say about the code number under which he operates, but has to wait for the approval of "the boss" in Covington, Ky., the tight, czaristic control that the underworld exercises over every phase of the bookmaking racket would seem amply demonstrated. This theme was developed in significant detail before the New York commission by Manners, the federal prober. He and his agents had tracked underworld connections by studying thousands of telephone calls crisscrossing the nation and watching the ties these established between top echelons of the underworld and Covington.

Manners testified that the money not laid off at the tracks — in other words the colossal final take that is insured by "vigorish" and losing bets—

> . . . ends up in a top pool, top level of organized crime. This is the amazing feature of organized gambling. That $2 (bet with the corner handbook) finally ends up in part throughout the nation either in Kentucky, in Biloxi or one or two other places in the West. . . . It's strange that after hours, on off days, that the connections between these two spots, Biloxi and Covington, Ky. — the connections are many and frequent between the various gambling casinos' owners that we all know in Las Vegas and Havana. Somehow or other these names come to the same operation. After hours, they come in. Never during the operating day.

Manners said that he could only conclude, since federal investigators are barred from wire tapping and so could not listen in on these conversations, that

> This is the checkup. This is to find out how much have you made today or how much are we doing this week. It's the same few who control everything. The same few are there because of all of us. I feel that gambling is the initial source of moneys. This is their [the underworld's] entire money that they can use for everything. . . .

No statement could more clearly pose the issue. In Manners' testimony is capsuled a vivid picture of the hidden ties that give the top echelons of the underworld power over literally billions of dollars — and the incalculable prestige and influence that control of such enormous wealth always and inevitably commands.

One instant and graphic demonstration of this influence lies in the fact that there is no secret about all of this. Hirshfield's role in furnishing "the line," the key function of Biloxi and Covington in providing "the layoff" — the first two of bookmaking's essential three services — are truly goldfish-bowl operations. Similarly obvious, as open to observation as the posture of a manikin in Macy's window, is the final step — the supplying of fast results from the tracks.

Lightning speed in flashing the name of the winner of a race is important to a bookie for two reasons. First, fast results stimulate "action"; second, if a bookie lags in knowledge, he can become the victim of a neat racket known as "past-posting." One of the axioms of the trade is that the quicker a bettor on the first race finds out how he fared, the quicker he can be lured to bet again. If he has won, he has money to gamble with; if he has lost—for in this the psychology works both ways—he may be tempted to double his bet the next time around in the futile scramble to "get even." Either way, the faster the bookie gets the news from the track, the faster this news gets to the bettor, the greater the volume of the bookie's business is going to be and the greater his take from that ever-mounting "vigorish."

No Waiting

Important as this first motive is, the second is even more so. A bookie cannot afford to be caught asleep, and unfortunately, in his business, there are always a great number of connivers who are trying to do just that. Innumerable gimmicks have been figured out to get the results of races faster than the bookies can get them—and then to get a bet down on a race that has already been run and won before some unsuspecting bookie knows it's over. This tricky practice of "past-posting," is a menace to a hard-working book who has no desire to have the bread taken out of his mouth by a customer with a sure thing. It is vital, then, both from the standpoint of "action" and "past-posting," for bookies around the nation to get results from the track faster than anyone else can get them. This is a need that is most obligingly filled by a father-son combination, Albert and Joseph Tollin, who operate the Delaware Sports Service from offices in a roadhouse-type building at 601 Tathall Street, Wilmington, Del.

Just as Hirshfield provides "the line" from Minneapolis, the Tollins flash "the results" from Wilmington. They serve, by their own admission, some 4,000 to 8,000 bookies all over the United States, in Canada, Cuba and even Europe. They have an especially heavy clientele in the northeastern states, and New York probers identified a full fifty of their raided books as Tollin customers. Like Hirshfield, like the "layoff" operators in Biloxi and Covington, the Tollins have a passion for code names and "client" anonymity. The standard procedure is for customers to contact the Tollins by phone or Western Union and contract for

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their service. This initial contact establishes a code name like "Joe 13" by which the customer ever after will be known. The Tollins' fees range from $5 to $10 for a report on a single race and up to $50 for a full day's coverage of the racing program.

Walsh, in the New York hearings, traced the development of the Tollin service. In the days before the Kefauver probe, the furnishing of race results was dominated by the Continental Wire Service, controlled by Al Capone's mob heirs in Chicago. At that time, the Tollins' Delaware Wire Service was a subscriber of Continental. When the Kefauver exposure drove Continental out of business, there was a scramble for the lush proceeds. Several competitors failed, but the Tollins survived. Every bit of information received by both Delaware and New York authorities indicates that this survival was probably aided by underworld muscle. "No one is letting Mr. Tollin carve up this lush melon which was Continental's plush list before," Walsh declared in his testimony before the New York commission. "Syndicate gambling controls this list just as it controls other things in professional gambling."

Walsh and Detective Walter J. Wassmer, of the Delaware Attorney General's Office, described the Tollins' technique. The basic operation involves getting an instantaneous flash on the winner from inside the track. For this, the Tollins rely on what is known as "the pitcher-catcher" system. The "pitcher" is an agent who is stationed inside the track, right on top of the finish line. The "catcher" is spotted outside, with an open telephone line into the Tollin office in Delaware, ready to "catch" and relay the word from the "pitcher."

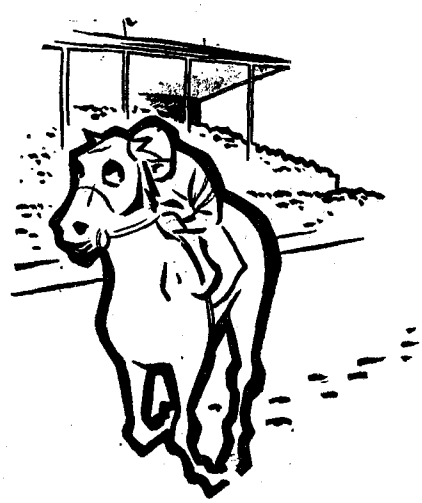
This word may be flashed visually, if the "pitcher" and "catcher" are stationed so that they have a clear view of each other; if this isn't possible, modern devices like a walkie-talkie arrangement may be used. If the contact is visual, the "pitcher" will wigwag a previously agreed signal to designate the winning horse, or he may merely hold up a card containing the number of the winner. The instant the signal is received, the "catcher" calls the name of the horse into the ear of either Albert or Joseph Tollin, waiting on the other end of the phone line in Wilmington, and the entire Tollin system swings into lightning-fast action.

Flashing the News

The Tollin headquarters occupy two floors of the Tathall Street house. On the main floor is the business office; on the second floor, in a box of a room ten feet by twelve, is the result-flashing center. Here are a switchboard and switchboard operator; in the center of the room, a table; and at the table, usually, Albert Tollin and a girl assistant. On the table are three curiously rigged wooden boxes. The boxes are plain wooden crates, about 1½ feet square, padded with foam rubber. They are placed facing Tollin. As race time nears and calls begin coming in, Tollin's girl assistant places just the mouthpieces of telephones in these padded boxes, where they will instantly catch Tollin's shouted announcement of the winner as his voice echoes off the foam-rubber sounding boards.

"About two or three minutes before a race is run, why there is quite a calamity," Detective Wassmer told the New York commission. "The telephones are jumping and jingling. Tollin himself would be holding a telephone in one hand, one in the other. His girl on the other side will be taking the telephone calls. The phones are just jingling."

When all the phone mouthpieces that can be accommodated have been placed in the sounding boxes, the switchboard girl puts a hold key on each of the other incoming calls. She draws the hold keys up in a line, a ruler in her hand, and waits. Tollin, on the open telephone line to his "catcher" outside the race track, gets the winner, shouts the name. Instantly, all the bookie calls dangling in the sound boxes are taken care of; instantly, the switchboard girl relays the winner's name to all those waiting on the first row of hold keys on her switchboard. With one sweep of her ruler, she flips off this line of keys, flips on a new batch. With incredible dispatch, the Tollins' frantic clientele receive their bread-and-butter information.



Twilight Zone

Telephone and Western Union records clearly establish the tremendous volume of the Tollin business. Walsh estimated that the Tollins' Delaware Sports Service must chalk up a profit of at least $500,000 a year. There is no secret about it. But neither is anything being done about it. As in Minnesota with the Hirshfield operation, the local law in Delaware professes itself helpless. The Tollins, like Hirshfield, are providing a service and are keeping carefully within the bounds of local legality. Their activity, as Walsh pointed out, would perhaps have been impossible had Kefauver been able to secure the passage of a law he recommended to ban the rapid interstate transmission of race results. But a Congress less concerned on the whole about syndicate crime than was its crusading Senator (and one has to wonder why) turned a deaf ear to Kefauver's plea and let the nation's bookmaking business retain comfortable twilight zones of legality. Taking advantage of every loophole, the books have employed the decade since Kefauver to reap more billions than ever before. No one doubts that the list of Tollin customers, hiding there behind the false face of code numbers, would be the clear giveaway to virtually every major operator in the multi-billion-dollar bookmaking racket of the underworld — but nobody on any level of law enforce-

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ment is doing anything to pick up the clues, to follow the trail.

"His list, even more than Hirshfield's, would break up the racket," Walsh told the New York commissioners, speaking of Albert Tollin.

Commissioner Jacob Grumet, who began his long career as an aide to Thomas E. Dewey in Dewey's rackets-busting days, was frankly puzzled. "But it seems to me, if the authorities were alert," he said, "it is easy — I won't say it is easy — at least an attempt should be made to decipher the code and find out who these people are. You have a list of the important bookmakers and professional gamblers."

This is certainly elemental common sense. It illustrates just how obvious, just how self-evident are the ties of the multi-billion-dollar bookmaking racket that is helping to corrupt the nation; and it is perhaps a sign of the totality of that corruption from the lowest to the highest levels that no one on any effective level of law enforcement seems astute enough to see the obvious. Milton Wessel and Joseph Manners tried; but almost as soon as Manners, having pieced together the intricate, interstate, cross-continental pattern of telephone contacts, made his first move against the racket in preliminary raids staged in the spring of 1959, the U.S. Attorney General's Special Unit on Organized Crime was disbanded and its personnel folded back into the old static bureaus and divisions of the Department of Justice. Since that time, except for some minor raids by Internal Revenue agents this past spring, nothing of importance has happened. No clutching hand of the law anywhere has been applied to the inviting top-level windpipes that are so exposed they practically invite legal strangulation.

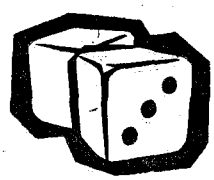
And for this there is, it seems, no logical explanation except the one explanation that, out of delicacy, no one likes to mention.

In discussing this frustratingly obvious pattern of crime and official inaction with Milton Wessel, I summed up the picture and asked a question.

"Milton," I said, "this is what gets me. Here you have vital services running wide-open, known to everybody, using code names to hide the identity of their clients; and everybody pretends there is nothing they can do about it. Isn't it prima-facie evidence of conspiracy to commit a crime to run a business and deal with customers by using code names?"

"It is to me," Wessel said. "There is a vacuum in law enforcement. Here in this room [his hand swept *a well-populated dining room in its gesture*] you probably couldn't find a single man who either doesn't bet himself or know all about the betting that goes on. Everybody knows it. But nobody does anything about it. New laws might help, but the federal government now has all the authority it really needs, in my opinion at least, to move against the rackets. All that is needed is for somebody to ACT."

Anyone want to bet (6-to-5, of course) that nobody will?

CHAPTER  THE SWEEP OF CORRUPTION

IN A COUNTY seat in upstate New York, a criminal court case was almost ready to go to the jury. The judge called a recess to make a final check of legal precedents before delivering his charge. In the lull, the lawyer for the defendant strolled out into the corridor, nodding to acquaintances, joking with friends — and occasionally pocketing money. For the lawyer was a bookmaker, and his place of business on this particular day was in the very halls of the courthouse!

While doing a brisk business in illegal bets, the lawyer-bookmaker spotted an acquaintance and competitor, another bookie. They greeted each other, and standing there in the so-called hall of justice, they discussed the irony of the situation.

"What a laugh this is!" said the lawyer-bookmaker. "Here I am, in the midst of trying a criminal case, and while I am waiting for the judge to get his instructions to be read to the jury, I am out here taking bets."

The two laughed. Then the single-profession bookmaker asked the lawyer-bookmaker: "Well, is it hard to get convicted for bookmaking?"

The lawyer chuckled and said: "Don't worry about it, they will never convict you. Just be careful. Don't let them see any records."

After reflecting a moment, the lawyer-bookie added:

"Well, even if you are caught, there is really no worry. They once did send some guys to jail here, but the case wound up getting thrown out of court anyhow."

William Walsh, the energetic young New York investigator, recounted this story at the commission hearings in the spring. The commissioners, themselves lawyers, were plainly shocked. "You mean," one of them asked Walsh, "that this lawyer was actually also a bookmaker?" Walsh assured the commission that this was, indeed, the case and that the lawyer had been arrested subsequently for bookmaking. The idea that a lawyer, garbed — as we are so often reminded — in the mantle of "a representative of the court," should not only be a bookmaker but should ply his trade in the very corridors of the courthouse represented, Walsh said, the most shocking single example of complete *contempt* for the law that was uncovered in the New York probe.

It was not, however, the only example — or the only shocker.

The cross-state New York investigation, which was to produce the clearest bird's-eye view of big-

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league gambling rackets that has been developed since Kefauver, grew out of the discovery of a nasty mess in the college city of Ithaca, home of Cornell University. Ithaca is the county seat of Tompkins County; it contains a number of industrial plants and is the shopping center for surrounding farm districts. Its normal population is about 29,000, which is swollen to 40,000 when Cornell is in session. Normally, one might expect that a small college city of this size would be cleaner than most; but the New York commission found that every kind of gambling racket was running openly in Ithaca — that the total gambling handle in this not-so-quiet college city was a cool quarter of a million dollars annually.

Extracurricular Activities

The Ithaca probe was touched off by complaints lodged with Inspector John J. Quinn, in command of the Criminal Intelligence Unit of the State Police. Quinn consulted with the Commission of Investigation and in the early fall of 1958 sent two troopers into Ithaca for a preliminary checkup. The detectives went directly to addresses that had been pinpointed in the complaints as gambling centers. They paid their first visit to the Varsity Billiards at 107 North Tioga Street, less than seventy-five yards from Police Headquarters. In the billiard room they found a cashier's booth. On a desk in the booth they observed a stack of football slips. Louis (Murphy) Chelekis, the proprietor of the hall, and two helpers in the booth were being kept constantly busy. The phone rang continuously; bettors kept coming in the door and walking up to the booth to get their money down on a horse. Chelekis and his aides accommodated all comers, booking horse races and writing numbers slips. Observing all this, the two detectives strolled up to the booth and placed bets with Chelekis. So simply, with no more effort than it took to walk in from the street, did the two detectives confirm the reality of wide-open gambling in Ithaca.

From the Varsity Billiards, they went to a second address they had been given, 124 South Aurora Street. Once more their advance information turned out to be good. The address was in use as a "policy drop," visited each day by eight or nine numbers "runners." The troopers had no trouble striking up an acquaintance on the sidewalk and placing a numbers bet with one of them. This obliging "runner" turned out to be an eager pitchman for the mob. He assured the detectives that the "fellows from the Varsity" were running a big-money dice game in the Sons of Italy Lodge at 417 State Street every Sunday night, and each day there was a card game at the lodge with "plenty of action." If the visitors wanted excitement, said the numbers runner, they ought to get in on the game, and he obligingly gave them the name of a sponsor who could get them into this fraternal fun house. A little investigation

showed that the windows of the lodge hall were little more than an arm's length away from the side wall of the Ithaca Theatre, operated by Mayor John F. Ryan. The lodge had been erected in 1949, and ever since, one of its main sources of income had been the revenue derived from gambling — originally, from slot machines and a house-cut on poker and blackjack games, and later, beginning in May, 1958, from a cut on dice games that lured a play of from $30,000 to $40,000 a night.

The detectives, following up the leads that had fallen so easily into their laps, wangled their way into the Sons of Italy Lodge. In the gambling room upstairs over the bar, they found about twenty men gathered around a felt-covered dice table. Individual wagers as high as $100 were frequent, and $500 bets were not uncommon. The playing clientele was quite obviously a rough crowd, drawn — as subsequent investigation showed — from racket havens throughout central New York and northern Pennsylvania.

Surprise Arrest

Before the state probers could follow up this preliminary inquiry, Cornell University officials forced a semblance of local action. On November 5, 1958, the university protested officially to the Ithaca Police Department that large quantities of football slips were inundating the Cornell campus and adjacent areas. Confronted with so distinguished a protest, the local police, who hadn't made a single gambling arrest in three years, acted. Sergeant Cornelius, who headed the detectives working under the tight, personal control of Police Chief Herbert L. Van Ostrand, performed the novel feat with the acme of simplicity. He simply walked the seventy-five yards that separated Police Headquarters and the Varsity Billiards. As he entered the billiard parlor looking for football pool slips, he saw a man in the betting booth writing out a policy numbers slip and another taking a bet on a horse race. Though the detective sergeant was naturally well known to gamblers, they paid not the slightest attention to him. This was too much for Cornelius, who finally stepped forward and arrested one of the men in the booth. He was about to leave with his prisoner when Louis Chelekis walked in. The detective asked Chelekis if he was the proprietor and if he permitted his employees to take bets; and when Chelekis nonchalantly answered, "Sure," to both questions, he got the surprise of his life. Cornelius arrested him.

In the days that followed there was a considerable flurry of police activity. Eight naughty gamblers were actually arrested, a figure that might look fairly impressive in a city of Ithaca's size unless one was aware, as the New York commission was, that at least forty to fifty professionals were steadily plying their trade in the town. Furthermore, no action was taken to interfere with the $30,000-$40,000 Sunday night dice game that was running in the

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lodge hall just a few feet from the mayor's theatre. That continued just as if the arm of the law had never stirred from its years-long slumber in Ithaca.

Confronted with a brushup instead of a cleanup, the New York commission acted. At 10 A.M. on February 15, 1959, its agents and a squad of State Police raided the Sons of Italy Lodge, arrested twenty-eight men and seized $15,000 in gambling cash. Indicative of the kind of characters that large-scale gambling lures and breeds were the illuminating dossiers of some of the prisoners.

The New York investigating commission later pointed out that fourteen had a cumulative record of forty-two convictions for law-breaking in at least nine cities of the state. The convictions included such offenses as abduction, burglary, carrying a dangerous weapon, disorderly conduct, gambling, grand larceny, illegal possession of firearms, impersonating an officer, leaving the scene of an accident, malicious mischief, transportation of females for prostitution — in other words, nearly the gamut of crime. This was the kind of human trash that had been given virtually the keys to the college city of Ithaca and had been permitted by a complaisant police force to make themselves at home in a gambling hall right under the eyes of the city's mayor.

Secret of Immunity

No really satisfactory answer to the riddle posed by this immunity was ever obtained by the New York commission. The commission held private hearings on the state of affairs in Ithaca and found, as it later reported, no evidence of corruption. Yet the lax conditions that existed in the town were those that are almost invariably associated with corruption. Abundant testimony showed that average citizens knew in detail about the gambling rackets that ran wide open under their noses; that the local police had had many accurate reports about them but had never acted; that many of these reports, filed personally with Chief Van Ostrand, had flitted right out of the department's files in vanishing acts shrouded in complete mystery.

Guarded Admissions

Mayor Ryan, who was later defeated for re-election, gave testimony characterized by admitted knowledge and unexplained lassitude. He admitted that he knew about the big dice games because "a lot of out-of-town men [were] going by my theatre every Sunday afternoon"; that he knew about the prevalence of horse betting and numbers play; that he had "heard" football pool tickets were being freely circulated throughout the city and the college town areas. In the light of all this, the Mayor conceded that he thought Chief Van Ostrand "probably" had not done a good job; he "supposed" he wouldn't be able to put complete trust in the Chief's competence in the future; he "probably" would tell the Chief that he would have to do better; he wasn't very "sure" whether these "probable" instructions would have any more effect in the future than in the past; and yes, there had "probably" been a time when he realized, in view of the wide-open gambling going on all around him, that the Chief wasn't exactly doing his job, but he, the Mayor, hadn't insisted on a cleanup.

> *Q.* Why did you not at that time lay down the law to him [the police chief] that he had to stop that game?
> *A.* I don't know. I just didn't do anything about it. That's all.

Sergeant Cornelius explained that there was "a local ground rule" to leave gamblers alone unless someone filed "a specific complaint." In this unfortunate eventuality, the matter would be discussed with the District Attorney to see if it was absolutely necessary to do anything about it. The witness phrased it this way:

> I don't think it is probably right. . . . I can see that now. Before — I have been brought up here for seventeen years, where you never acted on gambling or a raid or anything without going to the Chief of Police, and in turn you might be called for a conference where you knew the District Attorney was going to be let in on it. You never acted without consulting the District Attorney on any of these things, and if he sees fit to knock off some place, you knock them off. If not, it was either dropped or negated or whatever you want to call it.

The secret understanding that Louis Chelekis and his ring obviously had with someone somewhere was no secret to members of the police force. They had had plenty of experience recognizing the influence of Ithaca's "Mr. Untouchable." One police officer testified: "I've been on here approximately thirteen years. I remember once about seven years ago—shortly after I was on there, one fellow made a raid on a place in the city. He received ten days' [suspension] because it wasn't an authorized raid." This was hardly the kind of reward calculated to inspire other policemen to do their duty. The impression of the force as a whole was capsuled in this testimony by another patrolman: "I was told — I talked this over with the officers there. I can't recall exactly who it was now, but they stated that the Chief and everybody knows about it. If he wants to do anything, he'd do it. There is no sense in me sticking my neck out because he'd blackball me. . . ."

Disappearing Complaints

While Chief Van Ostrand had inherited this situation when he became head of the department, he had done nothing to correct it. Indeed, there was every indication that, under him, morale became worse. Testimony showed that he had been told one of his policemen was actually frequenting the card game at the Sons of Italy Lodge, but he didn't even question the offender about his conduct. On two occasions in the summer of 1958, a patrolman making his rounds found the rear door of the lodge unlocked, walked in and observed the gambling game in action. The reports that he filed with the Chief disappeared. In September, 1958, two other members of the department walked in on the gambling game, were shocked at the size of the play they saw and hurried out to the Chief's home to inform him of what was going on. "I told him that we could go down," one of the officers testified. "He said, 'No, we may not get anything. They may be gone. We may not hit any-

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thing. There may not be any gambling at all.'"

In November, 1958, still another member of the department walked in on the high-stakes game, observed the play, and the next morning reported to the Chief. This sequence from the commission's transcript tells what happened:

> *A.* I walk in. I said, "Herb, such and such is going on. Maybe it's little, maybe it isn't. I don't know. But there's money laying all over the place. There's people down there that I don't know. I haven't seen them.
>
> *Q.* What did he say to that?
>
> *A.* He said, "We know there's something going on down there. If you will give me a notarized statement, I'll put it on file." Those are his exact words, "If you will give me a notarized statement, I'll put it on file."

What happened to such reports was described by other officers, who said they "just seemed to disappear," and by the commission's own search of department records, which established that they did indeed. One policeman testified:

> I know there were several complaints made out concerning gambling in this vicinity, but nothing was ever recorded there, and complaints just seemed to disappear.
>
> *Q.* What do you mean by "disappear"?
>
> *A.* Well, they were put under the Chief's door, let's put it that way, and after that nobody ever saw hide nor hair of them.

This situation bred such disgust in the working echelons of the department that, as one member testified, a lot of the men "were about ready to turn their badges in."

Police Get Busy

In the aftermath of the Ithaca probe, while Mayor Ryan ceased to be mayor, Chief Van Ostrand did not cease to be chief. The exposure to which he and his department had been subjected, however, led to a new attitude; the drive on gambling became the No. 1 police business in Ithaca, and Chief Van Ostrand hastily adopted recommendations made by the commission for the improvement of the department. The commission in its report could only hope that these changes would prove permanent.

Enough had been uncovered in Ithaca to show that organized gambling was rampant in upstate cities and rural areas. The Ithaca gamblers had been linked to others in the underworld fraternity all across central New York, in Pennsylvania and in Canada. Obviously they represented only one segment of a massive illegal operation. And so, at the urging of Bill Walsh and Eliot Lumbard, the New York commission decided to undertake a state-wide investigation.

Months were devoted to laying the groundwork, to careful preparation. The commission's agents and State Police worked on the investigation from May to late October, 1959, and during the last four months Inspector Quinn devoted almost his entire fifty-man detective force to the probe. Leads were developed through widespread wire tapping, a legal procedure in New York providing authorities first obtain a court order.

"I want to make one thing clear," Eliot Lumbard said. "A lot of objections are being voiced to wire tapping, but this is a case that could never have been developed without wire tapping. The telephone is, of course, the bookie's principal instrument, the means by which he transacts the great amount of his business; and if the law didn't have the right to wire tap, it would be almost the same as granting the bookies a blanket immunity. We built this case, we pieced together the links and the relationship between one bookie and another, by wire tapping."

For more than four months commission and State Police detectives monitored scores of wire taps. The tap on one bookie's line would disclose his contacts with others; these led to new taps and new discoveries in an ever-widening circle. Walsh, who directed the field work, accepted the risk that, by delay, some suspects might be lost. Actually, this did happen. During the months of eavesdropping, some twenty books moved their locations or went underground for one reason or another; but the loss was more than compensated for by the piecing together of a huge cross-state network.

By October, 1959, the commission had amassed evidence against one hundred books operating in twenty-seven cities and towns in seventeen counties. The chain ran from Fort Edward and Saratoga Springs on the east through the Troy-Albany-Schenectady area; on the west, through Amsterdam and Johnstown and Frankfort and Rome to Syracuse; from Syracuse through Solvay and Auburn and Geneva to Rochester; and from Rochester on west into the Buffalo area, including towns like Tonowanda and North Tonowanda, Lewiston and Lockport and Niagara Falls. To raid such a sweep of territory, extending from the Hudson River to Lake Erie and Lake Ontario, was a master undertaking. Several hundred policemen were marshaled for the striking force; complete secrecy about the objectives was maintained until the last moment; then individual raiding squads were organized and briefed and at exactly 3 P.M., October 23, 1959, a busy Friday afternoon, the raiders struck 100 books across the state and, in addition, four policy banks in Buffalo.

Cross-state Network

So complete was the surprise that bookmakers and policy writers were caught, in the words of the commission's subsequent report:

> . . . as they were busily employed in transacting the day's play. . . . A mountain of evidence was seized. Voluminous books, records and papers maintained by bookmakers in keeping their accounts were found. Punchboards, policy slips, special dice and cards, football and baseball pool slips, horse-parlay books and other miscellaneous gambling paraphernalia were among the materials seized. Other equipment, such as adding machines, powerful short-wave radio and ticker tapes, were taken. Guns were discovered on three premises. So great was the amount of material that it required six weeks for Commission accountants and agents and the State Police, assisted by three bookmaking and policy experts graciously loaned by the New York City Police Department, to catalogue and evaluate these items for their evidentiary worth.

The need for precise timing and perfect execution was illustrated

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vividly by the speed with which the word bounced around in gambling circles the instant the blow fell.

> In one instance, in about fifteen minutes . . . [*Walsh said in his recapitulation before the state commission*] the troopers who were at that time sorting out the evidence seized, received a call from Florida over the bookmaker's phone, warning the bookmaker that there were raids going on in that area, for him to look out and close up for the day. Unfortunately for him, it was fifteen minutes too late.

When the mass of evidence finally was evaluated, the commission felt that it had obtained as detailed and accurate an inside view of the bookmaking racket as it was possible to get. The seized ledgers of the bookies, for example, established beyond all doubt the relative importance of various phases of gambling play. The bookies' total business broke down this way: horse racing, 42 per cent; baseball, 30 per cent; basketball, 15 per cent; football, 12 per cent (not including football pools, in which virtually every bookie dealt); and boxing and miscellaneous other items, 1 per cent.

The Mills of Justice

Though the raids had been so well planned and executed that they represented the greatest blow ever struck at the bookmaking industry in New York State, the subsequent performance of justice left much to be desired. For it can only be said that the New York judges who meted out punishment upon the racketeers swept up in the dragnet acted as if they were sentencing men caught up in an inconsequential street-corner scuffle. By April, 1960, when the New York commission held its public hearings, the unimpressed judicial attitude had become glaringly apparent. By that time, fifty-two cases had been disposed of — fifty-one on guilty pleas, one by dismissal. Of the guilty, forty-one were "punished" by fines ranging from $5 to $500 and totaling a mere $11,690, token penalties certainly for multi-million-dollar lawbreakers; five had fines or jail sentences actually suspended, suffering not even a slap on the wrist; and three were still awaiting sentence.

"Only two men actually went to jail; and those two, for thirty days. . . . ," Walsh declared. "In many instances, those bookmakers had long and extensive criminal records, ranging from . . . murder [to] narcotics and white-slaving. Despite these criminal records, they received only minimal fines."

It goes without saying that Mr. Average Man, in every way a law-abiding citizen, would be punished more severely if he were convicted of speeding or littering the highway. It is customary to excuse the judiciary for its leniency with gamblers by saying that the importance of the gambling issue is not properly understood. It is certainly a late day and hour to indulge in such courteous exculpation. After all, even the most stupid judge must be aware of the disclosures Kefauver put into the national record nearly ten years ago when he shocked the country by unmasking the ugly image of muscle and murder that lurks behind the front of the gambling rackets; and so the administration of judicial balm instead of judicial punishment today seems more apt to represent influence than ignorance.

Shrugging Off Fines

If ignorance it is, however, there should be even less excuse for it in the future, for Walsh went to considerable pains to put the issue squarely into focus during the New York hearings. He emphasized that the gambler in Syracuse who had victimized the $7,000-a-year wage-earner was later arrested for the fifth time — and for the fifth time, he escaped with nothing "more than a small fine." Gamblers, Walsh said, shrug off fines as inconsequential. They look upon them as nothing more than a license fee that they would have to pay were they legitimate businessmen running legitimate businesses. Indeed, viewed this way, the gambler gets off more lightly than the businessman. A liquor license costs a lot more, for example, than bookmakers pay in fines to the law when, belatedly, it catches up with them. Walsh cited the case of one bookie arrested in the New York probe who had been fined eight times for gambling offenses. On his eighth conviction, he was fined only $125; over a period of years, his eight fines totaled a mere $400.

". . . People are simply confused or lulled into the belief that gambling is a simple, harmless pastime," Walsh said. "When it is conducted on this type of scale, it is long gone from a harmless pastime."

Saga of Buffalo

The evils fostered by this "long-gone pastime" were demonstrated by the New York commission in many ways and in many places; but nowhere more shockingly than in Buffalo, a city wide open to every type of racket, with built-in corruption gnawing into the highest levels of its Police Department. The raids of October, 1959, were only the mid-step in the Buffalo story as the New York commission unfolded it. Much preliminary work preceded the raids, and a special investigation of the Buffalo Police Department followed. In hearings on June 28 and 29 and July 5, 1960, the New York commission spread its findings upon the record. Carl A. Vergari, an assistant counsel, opened the hearings by summarizing the results of the probe. He stressed that the commission had been responsible for raiding thirteen bookmaking and thirteen policy operations in Buffalo. In the raids, $52,784 in gambling cash and detailed records had been seized. The records showed, Vergari said, that Buffalo bookies were feeding on a "handle" of more than $100 million a year and that policy was, at the minimum, a $6.5 million racket.

> One of our special employees reported during the initial period of our investigation, and during his attempts to gather information [*Vergari said*], that he struck up a conversation with a Buffalo policeman [in the full uniform] in a bar and was directed by the Buffalo policeman to a location at 171 Clinton Street in Buffalo where he might put a numbers bet down. . . .

The prosecutor explained that the Buffalo police shield had recessed rather than raised numbers so that, in the dimness of the bar, it had been impossible for the commission's undercover agent to get the number of the knowledgeable policeman. The cop's information, however, had been

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tested and found to be fully accurate. The undercover man went to the address to which he had been directed and placed his bet.

Prostitution as well as gambling was a flourishing trade in Buffalo:

> There were houses of prostitution, houses in the classic sense, operated by madams, and in certain cases the entrance to these houses were brightly lit. We have observed as many as ten taxicabs parked outside, with men moving in and out. . . .

Despite this brazenly flaunted traffic in everything from sex to numbers, the Buffalo Police Department, exhibiting the curious astigmatism that afflicts the law in the presence of big-money rackets, had devoted an exhausting number of man-hours to the difficult task of discovering precisely nothing. Edward L. Morville, an agent-accountant for the commission, analyzed department records and showed that, in twenty-six months, the local precincts had made 14,080 reports. These reports contained notice of the following decidedly minimal discoveries: eight gambling houses, five bookies, no policy operators, no gaming devices, one liquor-law violation and one vice case.

> *Q.* The general consensus of opinion, then, of all the Captains and all the precinct detectives in the Buffalo Police Department, in their view there was no policy going on at all in the city in two years; is that correct?
>
> *A.* That is correct.

Whitewash Boomerangs

Even more revelatory was the prodigious activity and the prodigious lack of accomplishment of Buffalo's Gambling Squad. In two years, this squad reported that it had made 16,730 checkups; it reported "no activity" in 16,446 instances. Most embarrassing was the squad's activity in reporting "no activity" in a checkup it conducted at 227 and 375 William Street on October 22, 1959. The very next day both locations were raided — and caught in full operation — by agents of the New York commission and State Police.

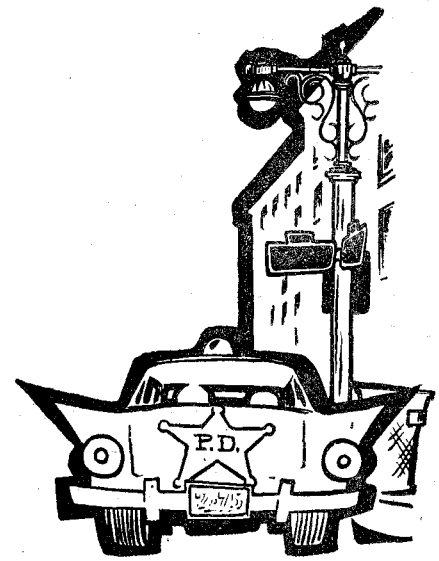
When formal police reports lie and cloak the illicit deed in this fashion, it is obvious that gamblers must wield potent influence. Here was Buffalo, the second largest city in the state, with a population of 520,000 persons; here was Buffalo, with a police force of 1,348 uniformed men, 212 detectives, a police budget of $8.5 million a year — here was Buffalo, with the fourteenth largest police department in the nation, wide open to every kind of racket.

On the Stand

The New York commission tried to unearth the reasons for this inepititude of the law, and when it did, it discovered that a desk lieutenant in headquarters was doubling as a bookmaker. In private hearings, the commission confronted the lieutenant with betting slips made out in his own handwriting; and on June 27, just before the public hearings opened, the lieutenant resigned from the force and claimed the privilege of the "Fourteenth Amendment" [*sic*] in refusing to answer all questions, even one dealing with the number of years he had served the public as a policeman.

Almost equally significant was the witness-stand performance of Police Captain William J. Shanahan, who had been in charge of Buffalo's Fourth Precinct for two and a half years. The Fourth was crawling with every kind of law violation known to the evil genius of man, but Captain Shanahan testified that he kept no file on hoodlums, gamblers and racketeers; he didn't know of any gamblers operating in his command, any prostitutes, any houses of prostitution. Had he ever reported any premises as being tainted with even a slight suspicion of gambling? No. Any of policy? No. Any of bookmaking? No. Any of prostitution? No. Any of liquor-law violations? No.

Captain Shanahan's do-nothing, know-nothing performance on the witness stand was followed by the appearance of one of the most forthright and outspoken witnesses to testify in the New York investigation. She was Barbara Louise Hartzog, twenty-two, married and the mother of four children. She had lived in the William Street area of the Fourth Precinct all her life; and in her unchallenged and uncontroverted testimony, she wrapped up



the whole sordid picture of crime and corruption in Buffalo.

Sordid Story

Mrs. Hartzog began by explaining that she had never known a time when the numbers racket did not flourish in the Fourth Precinct. The numbers operators there were so strong, so ruthless and so greedy, as the New York commission showed, that even the normal extortion of their trade wasn't enough for them; they had to have more. In "straight" policy play, the bettor tries to pick a winning three-number combination, anything from 000 to 999. The winning combination is usually determined by some factual report supposedly beyond and above chicanery — for instance, the last three figures of the U. S. Treasury balance for the day, or the last three figures in the day's pari-mutuel play at a given race track. Though the odds against the bettor's winning are 1,000 to 1, the policy operator normally pays out at only 600 to 1, a disparity that assures him of a highly comfortable margin of profit. In Buffalo, even this margin wasn't enough to appease the insatiable appetite of the racketeers. They shaved the payout down to 500 to 1 and, in some special instances, to 300 or 350 to 1. Still, thousands played every day, in hope, in desperation, on the long-shot chance that the skies would open and shower fortune on their heads.

The New York commission asked Barbara Hartzog to explain this

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curious addiction in the face of fantastic and hopeless odds. "Well," she said, "that's just — I guess everybody plays the numbers because no one actually, in that neighborhood, had enough money to meet up to the qualifications of living standards in Buffalo."

She explained that she herself played 65 to 70 cents a day on the numbers, even at times when her husband wasn't working. She even played the "night number," an added starter introduced in Buffalo by ingenious racketeers intent on seeing that no hour of the twenty-four was without its potential gamble and potential profit. Since at night

U. S. TREASURY FIGURES	
Cash Balance	$8,218,160,529
Internal Revenue	878,556,572
*New 1960 low.	

U.S. Treasury balances are run daily in a New York tabloid not otherwise noted for its coverage of financial news.

there are no new pari-mutuel numbers or Treasury balance numbers coming up, the winning "night number" was determined by three rolls of the dice in a small back room of the Fred Perry Restaurant at 375 William Street. About a dozen persons would crowd into the tiny cubicle to witness the ceremony, Barbara Hartzog said. Sometimes Fred Perry would roll the dice; sometimes one of the onlookers would be asked to make the roll — Barbara herself had been chosen for this chore on occasion, she said. The ritual decreed that a pair of red dice would be rolled to determine the first number of the winning combination; a pair of white dice, the second; a pair of blue dice, the third. While the dice were being rolled, a crowd would back up on the street outside the restaurant, waiting for the verdict.

Q. Would the first roll count or could they change their minds in that place?

A. If they changed their minds, they would change the dice.

Q. In other words, the dice would be rolled and somebody would say, "Well, I don't like that particular number. I want the dice rolled again." Is that correct?

A. That's right.

Q. That was done on occasions when you were there?

A. That's right.

Q. After the numbers were rolled, was that number announced or posted in any way?

A. It was written on a slip of paper and put on a paper rack — and hung up, hung up on the showcase.

Q. Out in public view, where everybody could see it, is that correct?

A. Yes.

The questioning then switched to the prevalence of prostitution in Captain Shanahan's Fourth Precinct. Barbara Hartzog was asked whether the extent to which the world's oldest profession flourished there had any effect on a decent married woman. Well, she replied, it was sometimes difficult to walk along the street at night without being accosted. A woman living in the Fourth soon got used to putting wolves in their place, she said; but one night late, while she was walking home from her sister-in-law's house, she did have a different and novel experience. A police car drew up to the curb alongside her and —

> This officer stopped the car and told me to come over. I walked over to the car and he asked who let me out.
>
> I told him, "Let me out of where?"
>
> He said, "Let you out of the car!"
>
> I said, "What car? I just came from my sister-in-law's home," which I did.
>
> "Well," he said, "Well, get in."
>
> So I got into the police car and they drove around the corner. He says, "Well, who let you out of the car?"
>
> I said, "Out of what car?"
>
> He said, "Come off it. You know what I mean." He said, "Where's the money?"
>
> I said, "I don't have any money. I just — I just left my sister-in-law's house and I got angry with my husband and he left."
>
> He asked me for my identification, and I showed him my identification and everything, and he said, "All right, get home and stay there."
>
> It was about 11:30 in the evening.

The incident speaks graphically of the depths to which the corruption-riddled Buffalo Police Department had fallen. It seems quite obvious that the cruising policemen had mistaken Mrs. Hartzog for a streetwalker and had been intent upon shaking her down. It is an incident to be kept in mind when a thieving policeman attempts to justify the taking of "honest" graft from a bookie; for once a man takes, he generates a thirst for taking and a streetwalker's money becomes as pure as any gambler's.

From this Buffalo street scene, with its travesty of error and self-exposure, the questioning of Mrs. Hartzog switched back to the numbers racket. She explained that this flourished on such a lush, well-established basis that whole books of numbers, known as "B & R books," were issued to regular players. These were the same kind of numbers books given to runners to sell; but, in Buffalo, the operators had cut another corner by issuing books directly to their regular bettors, making them in effect their own numbers runners. Mrs. Hartzog had had such a book when the unbelievable had happened to her; she had beaten those 1,000 to 1 odds — she had won. And then she didn't get paid.

The Welshing Gamblers

In Mrs. Hartzog's explanation of the persistent efforts she made to collect the less than $100 that was coming to her, the whole picture of the Buffalo policy racket and the open collaboration of police with it came out. A major figure in the policy ring operated by Fred Perry was Marshall Miles, who had been Joe Louis' manager for a time when Louis was the heavyweight boxing champion of the world; he was also, as it happened, a cousin of Barbara Hartzog's own mother. When Mrs. Hartzog began to have trouble collecting on her winning bet, she protested to all the partners in the ring — Perry, Miles, Bonny Kelly and Pete Craig. "I still didn't get anywhere," she said.

> *Q.* Where did you talk to these men, Mrs. Hartzog?
>
> *A.* First I talked to Fred Perry in his restaurant, 375 William, and I asked him to pay me because I had turned in the white slip and I had hit the numbers. So he refused to pay me. So I talked to Marshall

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Miles. He said he would pay me if he had to pay me out of his own pocket.

Q. Did he ever pay you, Mrs. Hartzog?

A. No, he didn't.

Mrs. Hartzog testified that she made the rounds of the policy bosses again. She talked to Perry and threatened to complain to the police if she didn't get her money; he told her he couldn't find her winning slip, it apparently had been lost if it ever had existed, and he wasn't going to pay her without it, without some proof that she had really won. From Perry, Mrs. Hartzog went on to Marshall Miles and told him that she was either going to get her money or she was going to the police.

Q. What did he say?

A. He said he didn't give a damn where I went.

So Mrs. Hartzog walked down to Captain Shanahan's Fourth Precinct and went up to the officer on desk duty, a man whose name, unfortunately, she did not know. Mrs. Hartzog lodged her complaint. She showed the desk officer, she said, the "B & R book" from which she had made her winning play, with the tissue and the yellow second slip for the winning number still in it. "He told me did I know I could get arrested for it," Mrs. Hartzog testified. She replied that, yes, she knew this, but she was determined to collect the money due her and, if she couldn't get it any other way, she would carry her complaint downtown to Police Headquarters. "'Well,' he said, 'well, I can lock you up for just having the slip,' and he said, 'I was going to give you a break and let you go.'"

Mrs. Hartzog left the precinct and started to walk along the street. She explained that Fred Perry, in addition to his restaurant, had an office in the rear of a hat store that she had to pass on her way. As she approached the store, she saw a police car stopped in front of it; and just as she was passing the store, the door opened, and Fred Perry and the desk officer she had just been talking to at the Fourth Precinct came out. The officer pointed to her in significant sign language that seemed to say, "That's the woman."

Undeterred, Mrs. Hartzog went on to Police Headquarters.

Q. Whom did you speak to down there?

A. Inspector Hahn.

Q. Did you tell Inspector Hahn your story?

A. Yes.

Q. Did he refer you to someone else?

A. Yes, Lt. Ries [Lt. Charles W. Ries, head of the Headquarters Gambling Squad].

Mrs. Hartzog testified that she told both the inspector and the gambling squad commander the full story, naming all the policy operators, including Marshall Miles.

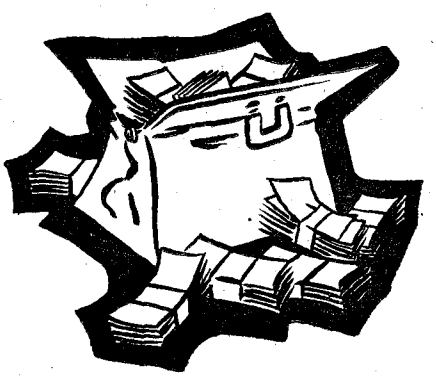
> So they asked me did I want to get a warrant for Mr. Perry's arrest, to see what could be done about it in court. I told him, "Yes. I didn't want to cause him any trouble. If I get my money, I would just forget it." So he said, Inspector Hahn told me that, to go back, if I wanted to go back, before they give me the warrant and talk to Fred Perry again and maybe I could get my money. He said to — he says, "Tell Fred Perry that I said I don't like welshers."

Armed with this virtual ultimatum from headquarters, Mrs. Hartzog sought out Fred Perry in the rear of the hat shop and delivered the word. But even this advice from on high had no effect on Perry. "All he said," Mrs. Hartzog testified, "'I'm not going to pay you for nothing.' He said, 'I can't find the white slip, and I'm not going to pay you.'" She walked out, and he slammed the door after her — hard.

The next morning, much to her surprise, a police car drove up and stopped in front of her home. Gambling Squad detectives got out and told her they had a warrant to raid Fred Perry's Restaurant; she should come with them and identify the woman employee there with whom she had placed her policy bet. "I told them there wasn't going to be anything there," Mrs. Hartzog testified. "Naturally, they knew everything was going to be clean."

She explained that, normally at 10:15-10:30 in the morning, the restaurant would be crawling with numbers runners, buzzing with all kinds of betting activity. But on this day of days, as she had suspected, "the word" had gone out, and the place when she entered it with the Gambling Squad detectives was like a mausoleum. Naturally, the woman who had taken Barbara's bet was not visible on the premises. Detectives stopped Fred Perry, who was just going out the side door as they came in, and questioned him. He was asked if he employed the woman Mrs. Hartzog had named as the bettaker. Never heard of her, Fred Perry said. Well, did he know Mrs. Hartzog? The policy boss looked hard at Barbara. Very hard. Never saw her in his life, he said.

Naturally, it was obvious to the law that no arrests could be made, no action taken. The detectives gave Fred Perry and his restaurant a clean bill of health. It was a certificate of good conduct that they renewed after another so-called "inspection" on October 22, 1959 — just twenty-four hours before state raiders crashed the policy bank and exposed both the rackets and the police of Buffalo.



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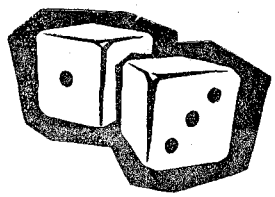
CHAPTER



CRIME'S 51st STATE

THE LARGEST "action" spot in the United States is also the most secretive — the one with the fewest visible ties. Throughout New York State, throughout the nation, the location of major books can be determined by piecing together the pattern that emerges from telephone call slips linking the books to "the line" in Minneapolis and "the layoff" in Covington, Kentucky. There is just one exception to this rule, just one area of huge play in which all conventional clues fail, in which there is nothing but one vast and intriguing and significant blank. This blackout, this vacuum, covers the greatest city in the nation, the one that offers the richest rewards to the rackets — New York City, the American underworld's 51st state.

In the past, state and federal investigators have been baffled by the paradox of New York. Here is the nation's greatest and wealthiest metropolis, the home of eight million persons, the hub of fantastic financial wealth, a city with a traditional dedication to heavy gambling. Common sense says that there should be, there must be, tremendous "action," yet the interstate ties that, in every other case, are the dead giveaways to such "action" nowhere appear. The answer to this riddle appears to lie in just one simple explanation: the rackets in New York are so huge, so remunerative, so heavily bankrolled, that they are *self-contained.* They run on their own. And they run behind the façade of some highly eminent fronts.

Some of the threads of this truly fantastic operation appeared on a record for the first time in the New York Commission of Investigation probe. The commission, as it carefully pointed out, had had a definite objective — the rural, small city and upstate large city gambling; it had not proposed to inquire into the separate problem of Manhattan. Yet it would be only natural to expect that, in an investigation as sweeping as the one the New York commission conducted, many ties to the great New York City underworld would have appeared. After all, as the pattern of telephone contacts made clear, upstate bookies were in constant touch with Minneapolis, Covington, Detroit, Chicago, Boston and Miami. But — and this was the truly amazing circumstance — not with the great metropolis in their home state, not with New York City.

"Oh, there was a telephone call or two, but nothing significant, nothing at all like what you would expect," Bill Walsh explains. "For all practical purposes, ties between the city and upstate simply did not exist."

Room Service

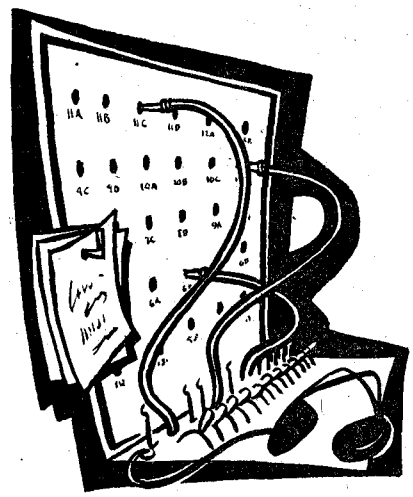
This incongruous situation intrigued and perplexed Walsh, as it had intrigued and perplexed federal investigators before him. When Joseph Manners of Milton Wessel's federal rackets-busting team pieced together the cross-continent, interlocking relationships between massive bookmaking operations in many states, he found that Manhattan was indeed an island. Here the system that was working throughout the rest of the nation simply did not seem to apply. New York City dwelt in isolation; it had no links. On the surface it appeared almost as if the city, the hottest "action" spot in the country, as any bookie will tell you, had practically no "action" at all.

The explanation of this conflict between reality and appearances seems to lie in just one word — sophistication. Upstate, as Walsh says, "We found them fat, dumb and happy." In New York City the "fat, dumb and happy" era went out with Dutch Schultz. The New York bookmaking racket is now a very deft, *sub rosa* enterprise that flourishes on a fantastic scale behind fronts almost guaranteed to cloak it from observation and suspicion. The most important of these fronts, evidence indicated, is the New York hotel industry.

Manners, in his testimony before the New York commission, put his finger on the key to the riddle. "I always leave New York City out," he said, in discussing the bookmaking pattern throughout the nation. "It's a confusing area. It just didn't seem to tie in all the way around. So many hotels being called frequently, and different room numbers up there."

In a second reference to the curious New York situation, Manners stressed the same point. He explained that his federal investigators, like Walsh's state sleuths, had been unable to establish any significant ties between the city and upstate bookies. "We could not work the New York City area because of the hotels, and all the many hotels involved," Manners said flatly. "We could not get the proper information."

The picture that emerges is that of a bookmaking racket that has taken refuge behind the front of eminent respectability that many of New York's fine hotels provide. The hotels, of course, must know what is going on, but as long as they don't object, as long as they are in effect willing partners, the bookmakers operating from their shelter enjoy almost ideal bombproof pro-



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tection from the law. Of major advantage to the books is the virtual impossibility of tracing and identifying their telephone calls. How does one sort out the calls funneling into hotels containing hundreds of rooms? How does one determine which calls are legitimate, private calls, and which business, bookie calls? Even wire tapping becomes a virtual impossibility, for though wire tapping is legal in New York with a court order, the order must be based upon evidence that a particular phone is being used for an individual, illegal purpose. Courts frown, for example, on the wire tapping of pay telephones, which are used by the general public as well as bookies, on the theory that the police have no right to listen in on the conversations of a number of law-abiding citizens in their hunt for one illegal user. Obviously, the same rule applies, possibly even more so, to the flood of calls funneling through a hotel switchboard.

Innocent Fronts

Taking full advantage of this loophole and the protection it affords, the books of New York shun such crude techniques as the individually registered phone and the private business that, whatever its front, is a semi-transparent cover for illicit operations. Retreating one step further into the shadows, they seek anonymity in the horde of legitimate customers that patronize places of eminent respectability. It is perhaps not entirely by chance that heavy chunks of mob money have been funneled in recent years (wherever possible through innocent-appearing fronts, of course) into the night club and hotel businesses — and that these businesses then become the respectable cloaks for the New York bookmaking industry. One member of the bookmaking fraternity, who should know, insists that the largest book in the nation makes his headquarters permanently in one of New York's most famous East Side night clubs. Another Mr. Big of the bookmaking industry is described as a man who, in the late 1940s, before Kefauver, was sometimes handling a play of $500,000 a day. He now runs a women's dress business as a sideline, makes his bookie headquarters in a respectable East Side hotel, and presumably does a business that has grown in the past decade with the growth of gambling nationally.

City of Code Numbers

Knowledge of the existence and size of the covert New York City bookmaking industry does not depend upon such grapevine reports, however reliable. Certain concrete items of proof crept into the record as by-products of the upstate probe. Though the city's gambling fraternity had managed to avoid most of the interstate ties that are dead giveaways of their racket to nosy federal probers, though they had shunned those tell-tale links to "the Minneapolis line" and "the layoff" in Covington, there was one essential service without which even the New York books could not exist. This was the receipt of fast results from the track. And fast results meant reliance on the Tollin service in Wilmington, Delaware.

The Delaware Attorney General's office had obtained a list of all the code names representing Tollin customers, and Detective Wassmer, during the New York inquiry, began to go through the list, identifying the upstate towns in which the Tollins had bookie clients. Most towns were represented by a single name, perhaps two; even large cities had only fairly brief listings. But when Walsh, who was questioning Detective Wassmer about what the Tollin list disclosed, came to Manhattan, he turned up *six solid pages* of code names. Since the city had been left outside the scope of the state inquiry, Walsh was flipping past the pages without comment when Commissioner Grumet interrupted and called attention to this startling, visual proof of the extent to which Manhattan's secret bookie trade was flourishing.

"There are six pages of subscribers right here in Manhattan," Grumet pointed out, awe in his voice.

Manhattan is, of course, just one of New York City's five boroughs. Brooklyn and the Bronx, two other huge and populous sections of the city, have always been fertile fields for bookmaking. Brooklyn in 1950 supported the $20 million-a-year Harry Gross bookmaking empire, and it is obvious from the findings of the 1958 Brooklyn grand jury that it still harbors flourishing bookie rings. The Tollin customer list contained the code names of some 150 bookmakers throughout the five boroughs — the solid bulk of them, of course, in those six pages devoted exclusively to Manhattan. The listings left no doubt, according to Walsh, that New York City bookies were "the best customers the Tollins had" in the entire United States.

Such a heavy concentration of bookmaking means racket organization on a syndicate basis — the allocation of territories, the centralization of control, the rule of kangaroo courts and enforcers. District Attorney Edward S. Silver, of Brooklyn, told the New York inquiry that this mob control had revealed itself in wire taps made by his office. He reported that bookies had been overheard asking each other questions like: "Who is the Combination from South Brooklyn that is doing all that betting?" and, "What group are you working with, out of whose territory are you working?" The New York racket is so systematized, Silver said, that it is impossible for a lone bookie to set up shop. He testified that anyone who "thought he could pick himself out a corner some place in New York City and begin taking book, would receive a rude shock to find that he could not do it without an okay from the boys who are taking care of the situation."

Rule of the Mob

So huge and powerful is the New York City operation that it extends its tentacles and control far beyond the boundaries of the city itself. Charles R. Thom, Suffolk County Police Commissioner, described how the rule of the New York mob has been extended clear to the eastern tip of Long Island, some 120 miles from downtown Manhattan. Until about two years ago, Thom said, bookmaking in Suffolk County had been a local operation, run by the corner butcher or the neighborhood barber; but then the New York Syndicate, composed of Manhattan

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and North Jersey gambling moguls, began to move in. Its weapon, he said, was money in fabulous amounts; muscle and murder were shunned because "the mob is still afraid of local juries."

> Money is the ammunition of the Syndicate [*the Suffolk commissioner declared*]. Pressure is on bettors as well as bookies, especially if the bettor is a business proprietor. Bettors get wined and dined and the average $10 bet rapidly expands to a $100 bet or greater. And, once hooked, the bettor faces certain financial disaster. Even otherwise respectable housewives have been led into unfortunate practices.

These "unfortunate practices," Thom explained later, involved what he called "afternoon prostitution." In a few cases, he said, gambling housewives had become so indebted to bookies that they were forced into this extra-marital activity in an effort to balance their accounts.

The Long Island commissioner added that all the evils of big-time gangdom were being visited on rural Suffolk County as a result of the iron control exercised by the New York mob. Gambling territories were assigned and bookies who did not fit into the syndicate's calculations were driven out of business. One who had lost his franchise in this fashion, Thom said, complained bitterly: "We used to have a democracy and now we have a dictatorship."

Syndicate Gets Nod

The tremendous bankroll of the New York mob literally bought it control of the Suffolk bookmaking racket, Thom said. He enumerated three major advantages of the new, syndicate system which Suffolk bookmakers had found irresistible. This is the way Thom listed the syndicate's allure:

¶ "Unlimited resources with absolute backing which eliminated the need to 'lay off.'" In other words, Suffolk bookies no longer had to worry about balancing their books to insure their "vigorish"; they no longer had to hunt a "layoff" center to take care of their dangerous play. All was being handled for them by the New York Syndicate.

¶ "New York City telephone numbers could be passed along to regular bettors and players, which made the bookie merely a collector of money, credited on the books of the Syndicate through an efficient bookkeeping system, and adding the tremendous factor that use of the telephones was thus changed, greatly reducing the efficacy of telephone taps." In other words, a Suffolk bookie no longer needed to run the risks inherent in individual phone use; the play of his clients could be funneled directly to the cop-proof, wire-tap-proof phones the syndicate had established behind its eminently respectable fronts in New York.

¶ In case something went wrong, "the Syndicate agreed to provide 'stand-up men' where feasible" — in other words, bums who could be hired for perhaps as little as $50 to take gambling arrests as stand-ins for actual bookies.

New York's Autonomy

The extension of this system from Manhattan through Brooklyn and Queens and Nassau Counties and out into Suffolk at the extreme tip of Long Island is itself a vivid demonstration of the power of the New York Syndicate. This power, this enormous concentration of gangland wealth, helps to explain the manner in which the New York mob, except for the Tollin service, has managed to operate as a separate entity, flourishing in a gambling void with no tell-tale contacts with the rest of the nation. Its size and the extreme care it has taken to hide its tracks have enabled it to avoid the risks inherent in obtaining from outside sources two of the three vital services without which a bookie cannot operate.

New York investigators are still not certain about the manner in which the huge city books get "the line" from Minneapolis. One possible explanation is that here, too, they operate behind apparently legitimate fronts. Hirshfield brags, after all, that he supplies his services to sports writers, and it would seem entirely feasible, considering New York's many publications, for the necessary telephone checkups to get the changes in "the Minneapolis line" to be arranged through agencies that have no apparent tie to bookmaking.

The solution to the other mystery, why the New York City books do not "lay off" in either Covington or Biloxi, is even more simple and more startling. They do not "lay off" simply because their operation is so huge, rolling in so many millions, that they do not have to.

Hedging the Bets

A key feature of the betting racket that helps to explain this is that even the big play, the dangerous play, is in the long run a losing play. Small and medium-sized books, even fairly large books, cannot take the risk of being "hit" by a single heavy winner; so they seek insurance in the "layoff." But as the Kefauver Committee testimony showed, the national "layoff" centers had to keep constantly replenishing the funds of the "comeback money men" who operated for them at the tracks. Their "layoff" wagers in the course of an entire race meet were invariably losing wagers. What this means is fairly obvious. If a gambling syndicate has a bankroll so heavily padded with millions that a heavy winner, even a series of heavy winners, cannot seriously dent it, then there is no necessity for seeking an outside "layoff"; this operation, whose major function is to insure the "vigorish," can be financed internally because the inevitable long-run percentages are always against a bettor's winning. All the evidence is that the New York mob is the happy possessor of a bank roll of such huge and invulnerable dimensions.

The point was hinted at in the New York hearings, not only in the testimony of Commissioner Thom, but in that of New York's First Deputy Police Commissioner, James R. Kennedy, and more explicitly in the testimony of Walsh himself. James Kennedy, who for years has been the gambling-racket expert of the New York Police Department under Commissioner Stephen P. Kennedy, was asked:

"In the case of bookmaking, has it been your finding that New York bookies, however large and however important they may be in bookmaking, confined their operations

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The Morning Line

Official Line in Later Editions

Yanks 9-11 over Red Sox; White Sox 7-8 over Indians; Tigers 5½-6½ over A's.

Reds 6-7 over Phils; Pirates 5½-6½ over Braves; Dodgers 7-8 over Cubs: Giants even-6 over Cards.

"No Betting," says a sign in Yankee Stadium. But the nearest bookie will take your bet — and your daily paper gives you "the line."

almost exclusively within New York City?"

"I would say yes," Kennedy answered.

Commissioner Grumet asked for an explanation of the significance of this, and Walsh said:

"I think, perhaps, Commissioner, it may be attributed to the fact that the capital available to the gamblers in New York is sufficiently great. They have been able to act as their own 'layoff' group."

Privately, Walsh expresses the opinion that there must be occasions when the New York Syndicate finds it advisable to deal with Covington. "For example," he says, "if the New York Yankees are playing the Chicago White Sox at Yankee Stadium, it stands to reason that the betting in New York is apt to be far heavier than in Chicago. If the local books become overloaded in such a situation, it would seem to me that they would have to do business with the Chicago books, and arrangements for a 'layoff' would have to be made with Covington. But the point is that the racket here is evidently so highly organized and centralized that this could all be done with one call made from a pay booth."

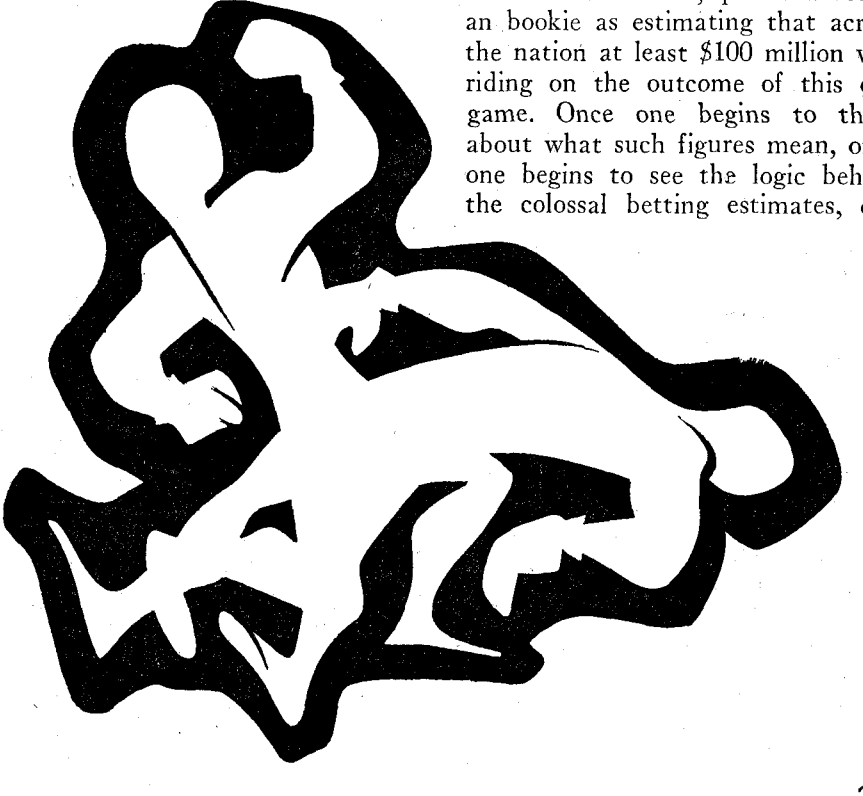
Such is the picture of a gambling operation of such tremendous magnitude that it runs as virtually a law unto itself. As I wrote last year in "The Shame of New York" *(The Nation,* October 31, 1959), the administration of Mayor Robert F. Wagner has in effect publicly pleaded guilty to being unable to enforce the law and break up the racket. The administration in 1959 and 1960 tried to persuade the state legislature to permit it to legalize off-track betting in the city as a revenue-producing measure. Mayor Wagner's experts estimated that a 15 per cent tax would return $200 million in revenue to the city and state, a figure that was considered an ultra-conservative minimum. Actually, Robert W. Dowling, who headed the Mayor's Citizens Committee for Off-Track Betting, predicted that the tax would bring in much more and estimated that illegal bookmaking in New York "now reaches $5 billion a year." A figure so huge seems preposterous, but actually there are some hard facts that indicate plainly it may not be so preposterous after all.

Incredible Figures

Police Commissioner Stephen Kennedy, in his testimony before the New York Commission of Investigation this spring, pointed out that legalized betting at flat and harness tracks in New York in 1959 fell just shy of $1 billion. He noted that, in countries that have legalized off-track betting, the off-track play ranges from two to five times the on-track betting, and he acknowledged that, if such percentages held true here, New York City has indeed a "huge" problem. Since bookies themselves place the ratio at 4 to 1 or 5 to 1 and consider a 3 to 1 ratio far too low, it seems highly likely that the illicit bookmaking industry in New York City is battening on a fantastic $3 billion to $5 billion annual flow of bets.

But even this is not all.

As the New York commission established in its upstate probe, horse-race bookmaking accounts for only 42 per cent of a bookie's business. Though the play on boxing has dropped through the years a championship bout still draws big sums. In addition, there is the big play in baseball (30 per cent) and the lesser but still heavy play in football and basketball. In the fall, during its relatively brief season, football is a gold mine for the books. A graphic example was the betting fever aroused last fall by the National Football League championship playoff between the New York Giants and the Baltimore Colts. These two closely matched teams stirred up their partisans and lured the gamblers; the result was a flow of wagers that is probably unprecedented for a single event. Roger Kahn, sports editor of *Newsweek*, quoted a veteran bookie as estimating that across the nation at least $100 million was riding on the outcome of this one game. Once one begins to think about what such figures mean, once one begins to see the logic behind the colossal betting estimates, one



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begins to get some idea of the incredible size of the reservoir of gambling cash that finances the underworld of New York.

Yet even this is not the full picture. To the take from bookmaking must be added the take from a rival gambling racket that is nearly as huge — policy.

Everybody Plays

Betting on the numbers was considered a major underworld gold mine back in depression days when Dutch Schultz's policy empire flourished in Harlem and the Bronx and lured a gross annual play, in nickels and dimes, that built up into $20 million a year. Nickels and dimes hardly rate as money any more; now the play is for 50 cents or $1, even for $10 or more, and now the racket isn't confined to the slums of Harlem and the Bronx — it has spread all over the city, even into the canyons formed by the tall skyscrapers of Wall Street, where the principal gambling interest is supposed to be the stock market.

A couple of years ago I walked into a downtown Broadway office building one wintry day and stood listening to the elevator man make his pitch to a woman worker in the building who had entered the elevator right after me. "Did you get your number today?" he asked. "No," she said, "I haven't got it yet. You know, I'm beginning to think that's a racket. Nobody ever seems to win." The elevator man shook his head in slow and solemn disagreement. "Oh, no," he said, "somebody always wins, somebody's got to win. There are an awful lot of people playing, you know, but every day somebody wins. You better get your number before it's too late." The woman thought it over. "Well, I don't know," she said, "I'll see. Maybe I will."

Two things about the incident impressed me at the time — the neighborhood in which this happened and the openness of the shilling. Here was policy, originally the poor man's desperation gamble, now flourishing among the office help in the downtown financial district, far from its original haunts; and here was an elevator operator, who didn't know me from Steve Kennedy, and who obviously didn't care who I was, running his racket right out in the open, undeterred by the slightest twinge of fear, the slightest thought of caution.

The sweep of the policy racket throughout New York City that this incident symbolizes is a hard fact that was confirmed this year by reporters from the New York *Journal-American* and the New York *Post*. Both papers found that the numbers game was big business in every section of the city. The *Post* staff found that the numbers written every day on the waterfronts of Manhattan, Brooklyn and Staten Island exceeded the best day's "action" in Harlem; that the play in Manhattan's garment district was equally huge; that the big money bet on the numbers in Wall Street made the racket larger there than in the Bedford-Stuyvesant section, the Harlem of Brooklyn.

Analyzing an Industry

Estimates on the size of the racket vary. The most reliable appears to be the unofficial assessment put together by one wing of the federal investigative team that operated under Milton Wessel. Treasury investigators worked for six months under the direction of William Esbitt, a Wessel aide. They examined records of several hundred policy cases disposed of in New York's Court of Special Sessions; they questioned a large number of policy operators in an effort to gain an inside view of the racket. Though the unit was disbanded before action could be taken, its findings have formed the basis for subsequent *sub rosa* studies of the New York policy racket by the office of District Attorney Frank S. Hogan and a New York County grand jury. While the full picture never has been disclosed because of demands imposed by investigative secrecy, enough has filtered out from various sources to make these points clear:

¶ The play for one-hundred working days in the policy racket reached a gross of $500 million. This estimate was reached by totaling the play of known policy operators for the test period and averaging this out with the number of policy operators known to be flourishing in the city. Projected on a full-year basis, this would mean that policy in New York is a $1.5 billion racket.

¶ Evidence of high organization and tight control was clear. Questioning of arrested policy operators invariably produced the same story: the lowly hired hands were the agents of a syndicate; they did not know who the bosses were; all they knew was that they worked on a percentage of the play they brought in and were assured that, if arrested, they would be taken care of — that when they appeared in court bondsmen and lawyers would be there to represent them.

¶ The key to the racket, the go-betweens who linked the racket bosses and the hired hands who sometimes got arrested, obviously were these professional men, the bondsmen and the lawyers. An examination of the court record of several hundred policy cases showed that a small group of less than half a dozen lawyers was handling nearly all of the syndicate's policy business. One attorney in a year handled 445 cases; another, 326; a third, 299. Efforts to question some of these lawyers were futile; interestingly, the attorneys claimed, not the privilege of a lawyer-client relationship, but the Fifth Amendment against possible self-incrimination. Balked investigators were convinced that, if these lawyers ever talked, they could provide the evidence on the fantastic organization of the racket that, apparently, is being masterminded by remote higher-ups from Florida and Las Vegas.

¶ Obviously no racket could flourish for years on such a scale — especially a racket, like policy, which operates from fixed locations —without widespread corruption and political protection extending high — how high no one knows — into various echelons of the city government.

The Murtagh Disclosures

The policy racket erupted briefly into a New York headline scandal this past winter. Representative Adam Clayton Powell, the preacher-politician from Harlem, made a series of sensational charges on the floor of Congress; and in New York's

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Special Sessions Court, the new Presiding Justice, John M. Murtagh, began to mete out jail terms to gamblers and called pointed attention to the bondsman-lawyer conspiracy. All of this spurred a flurry of police activity in which numerous small fry were swept up and the policy racket in Harlem was put under a temporary damper; it led to the Hogan-grand jury probe about which nothing much can be said except that it has yet to produce any truly startling results.

Hirelings in Court

The get-tough campaign of Justice Murtagh did at least put on the record some of the discoveries that Esbitt's federal investigators had made in their six-month inquiry. Especially glaring and obvious was the manner in which the gambling syndicate extended its protection to its hirelings in open court. Justice Murtagh, in stiff cross-questioning of policy defendants appearing before him, showed that they didn't even know the names of the bondsmen or lawyers who appeared in court to represent them. In early March, one seventy-one-year-old defendant, who had been arrested with 294 policy plays in his pocket, was brought before the Justice. A $500 bond had been already written out for him.

> What [*Justice Murtagh demanded*] did the bondsman tell you?
>
> He told me to come today.
>
> Did he tell you anything about a lawyer?
>
> He told me to see him when I got here.
>
> What's your bondsman's name?
>
> I don't know his name.
>
> Did he say that he would have a lawyer for you?
>
> Yes.

Under the law it is illegal for a bondsman to solicit a lawyer for a defendant, and a fine of $500 and a year's jail sentence can be imposed for the offense. Yet the cases in Justice Murtagh's court showed that this was a provision of the law that was being constantly flouted. It was customary for lawyers to come into court with prepared lists containing the names of defendants whom they had never met. In most cases the lists had been drawn up by bondsmen, who made arrangements for their own fees and the lawyers' fees and any fines that might be levied in a package deal with the operating powers of the policy syndicate. In Justice Murtagh's view, these bondsmen and lawyers, whose services had been engaged even before the men they represented had been arrested, were as much a part of the conspiracy as the numbers runner on the street — and a far more vital part because their contacts, inevitably, went much higher.

When the underworld is so well organized, corruption is inevitable. The extent of that corruption in New York was illustrated graphically when Justice Murtagh discovered that the policy ring had been able to falsify records forwarded to the court from the Bureau of Criminal Identification in Police Headquarters. The so-called "yellow sheets" of the BCI are the dossier on a criminal; supposedly, they bare all that is known about his past offenses. In early April, a defendant who had been caught with 281 policy plays in his possession appeared before Justice Murtagh and was fined $100. No jail term was meted out because the BCI "yellow sheet" showed that this was a man with a pure past — that this was his very first arrest. A court stenographer with a long memory recalled, however, that he had seen the man in court before and reported his suspicions to Justice Murtagh. An investigation by the Justice turned up the true BCI record, which showed that the defendant with the "clean" past actually had been convicted no less than fifteen times previously on policy charges. In the uproar that followed this disclosure, it developed that mob money had been so persuasive that falsification of the most vital arrest records in Police Headquarters was an almost established practice. The going rate for this record perjury was $2,500. If a gambler had the price, he could exchange a long and dirty record for a lily-white one — and so, even under a tough judge like Murtagh, avoid the unpleasantness of jail.

When police records in headquarters can be changed to order for a fee, it is obvious that the underworld has reached a point where it virtually dominates the law. The extent of that domination was clearly indicated in a concurrent series of sensational disclosures made by Representative Powell in Congress. Whatever one thinks of the flamboyant and frequently unpredictable Powell, this much must be said for him: he comes from Harlem, he knows it intimately as few men do, and when he begins to name names and give addresses of flourishing policy spots, his information is usually highly accurate.

Racial Discrimination

Powell caused his first sensation when he charged that the Police Department was permitting policy to flourish as a wide-open racket in Harlem and that, furthermore, under the aegis of this virtually official approval, the local Negro policy bankers were being driven to the wall and the racket was being concentrated in the hands of the Italian mob and a few Jewish helpers. Ironically, New York officialdom seemed more to resent the charge of racial discrimination in permissive rackets than it did the real meat of Powell's allegations — that it was permitting the racket to operate in the first place. There was a great outcry at the Congressman for injecting a racial issue into the consideration of rackets and the pay-off; but Powell, undeterred, continued to blast away with weekly charges on the floor of Congress.

In a series of speeches he pinpointed specific policy spots that were operating in Harlem; he charged that a former member of the Bureau of Internal Revenue, a man who had occupied a key spot as deputy collector for Manhattan, had quit his federal post to become "the numbers boss of lower Harlem"; he named the suspected "bagman," an officer attached to the staff of the Police Academy who, he said, called regularly each month at policy spots in Harlem to collect "the pad"; and finally he read into the record an itemized list of pay-offs exacted each month by police from numbers spots to permit them to operate.

"Each numbers banker has to pay from $2,500 to $3,000 a month in protection ranging from the top of the division down to the lieutenants,

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sergeants, uniformed officers, two shifts of radio cars, all the detective squad including plainclothesmen, lieutenants, and sergeants," Powell charged. He submitted a detailed breakdown of the pay-off, based on a complaint that had been filed with the New York Commission of Investigation:

> To operate with protection all policy spots are required to have a contract with the various offices of the Police Department. Such a contract is generally referred to as a "pad." All pads are due on the first of the month, and must be paid not later than the 3rd.
>
> The list below is a breakdown of a policy pad. The totals that are followed by an asterisk (*) vary in proportion to the number of men assigned to the precinct. The total cost of the pad may reach as high as $3,000 a month, due to fluctuations in the number of men that are carried by a given office.

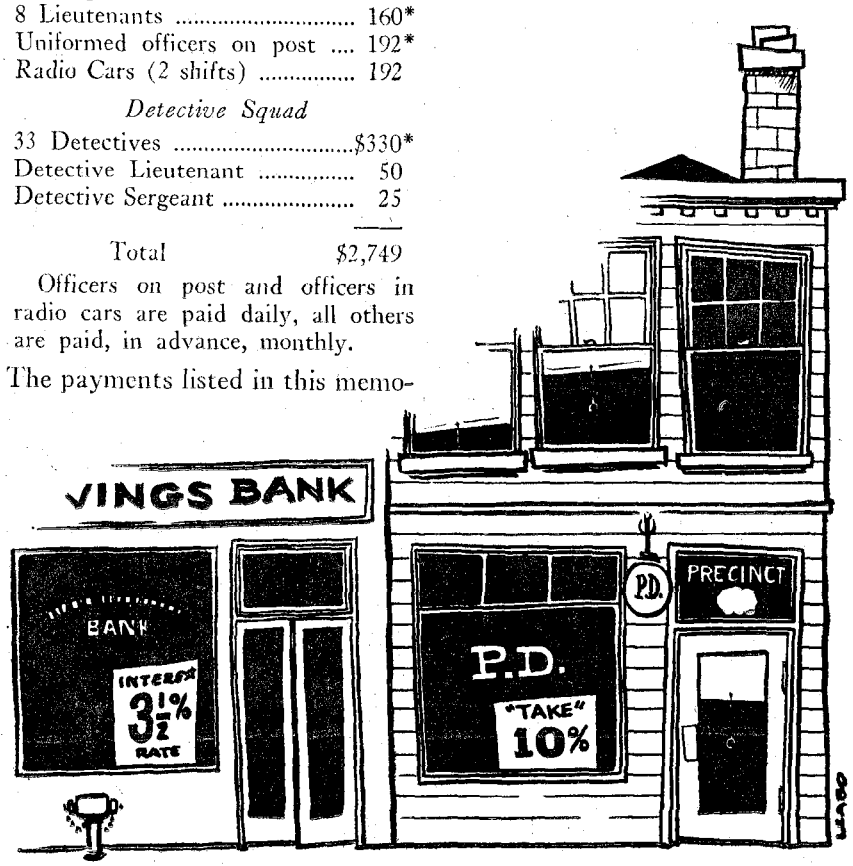
Division	$420
Borough Headquarters	275
Police Commissioner	275
Ist Deputy Commissioner	275
Chief Inspector	275
Precinct	
Captain	$ 50
23 Sergeants at $10.	230*
8 Lieutenants	160*
Uniformed officers on post	192*
Radio Cars (2 shifts)	192
Detective Squad	
33 Detectives	$330*
Detective Lieutenant	50
Detective Sergeant	25
Total	$2,749

> Officers on post and officers in radio cars are paid daily, all others are paid, in advance, monthly.

The payments listed in this memorandum are obviously group payments. The fact that an entire detective squad is paid does not mean that every man on the squad is a crook; some, certainly, cannot be bought. Similarly, the payments listed to the Police Commissioner's office and the First Deputy Commissioner do not mean that either Stephen Kennedy or his deputy, James Kennedy, are personally involved; both are considered in New York to be high-class police executives, and the Commissioner has frequently been mentioned as a possible successor to FBI Director Hoover. What the detailed memorandum read by Powell into the *Congressional Record* does purport to show is that the total pay-off is calculated on the basis of the maximum number of offices and individuals that have to be taken care of for total protection. This is how the bite is figured; this is the money paid. Who gets it, precisely, is another and an undetermined question.

In disclosing these details about the "pad" and the way it is figured, Powell went on to draw the issue of the real meaning and significance of New York's flourishing syndicate gambling. He pointed out in explicit terms that the question was not one of betting alone, but of the narcotics peddling and the violence and murder that are the evil partners of betting. He said:

> When I began this crusade there were people saying, "Why argue against the numbers? Everybody gambles." That may be true, but we do not want gambling to be the backbone of narcotics. I do not believe there is any man who is in favor of that except the gangsters themselves. . . .
>
> I should like to point out that one combination of thugs has just been revealed to me. It is a combination called Sam and Mannie. It operates drugs and numbers together, with headquarters at 310 St. Nicholas Avenue, 325 West 126th Street, and 303 West 106th Street.
>
> When a James Russell came to my church two Sundays ago, he was scared to death because these two men, Sam and Mannie, thought he was conveying information to me. He was not. I never heard of him. He came to me and begged me to protect him. The result is that this past Friday night James Russell was badly beaten and is in serious shape. In 1956 a man who worked with them by the name of Charles Turner was also beaten by Mannie and Sam, and later his body was found floating in the East River in the Harlem area.



The New York *Post*, in its own investigation of the policy racket, confirmed the most startling of Powell's charges — that concerning the size of the "pad." The *Post's* information came from both policy operators and sources inside the Police Department itself. The newspaper quoted one police official as saying frankly: "If you knew the actual amount of money involved, you wouldn't believe it. And even if you believed it, the *Post* wouldn't print it. The thing is just that big."

Vistas of Corruption

To get some idea of just how big the "thing" is, the *Post* figured out the "ice," or protection money, that was being paid by policy in just one section of Harlem. Its survey showed that there were ninety approved policy spots running in this single section. Each was paying off, at a minimum, at a rate of $2,500 a

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month. Multiply the monthly figure by the number of spots, and you get more than $220,000; multiply by twelve months in the year, and you get a pay-off of more than $2.5 million. And this for just ninety policy spots in just one single section of Harlem!

Policy, remember, now flourishes in every district of the vast, sprawling city of New York. The *Post*, quoting a police informant again, put it this way: "There are eighty precincts in New York City, and in my experience in all five boroughs, I have not found a single one in which a 'pad' for policy isn't maintained in one form or another." The "pad" will not be as heavy in many districts, of course, as it is in policy-riddled Harlem. Nevertheless, it is obvious that a $2.5 million annual pay-off in just one section of Harlem must represent only a tiny fraction of the over-all corruption; that the total take, from policy alone, must represent totals of staggering proportions.

Police "Ice"

But this incredible vista of corruption represents only half of the total picture. For policy is, if anything, the lesser of New York's two great gambling rackets. Bookmaking, all experts agree, represents far larger bets, a much greater flow of gambling cash. If policy, an estimated $1.5 billion racket, can pour so many millions out in "ice," what must bookmaking, an estimated $3-$5 billion racket, pay? When one begins to add the two "pads" together, one begins to comprehend, if only dimly, the almost total corruption of law enforcement and society that has been the prime achievement of the graft-protected American underworld.

For an insight into bookmaking pay-offs, let's turn to an interview with a former New York plainclothesman as recorded by Samuel Dash in *The Eavesdroppers*, a study of wire tapping financed by the Fund for the Republic and published last year by Rutgers University Press. The plainclothesman interviewed by Dash had been on the force between 1947-51, in the days when the Harry Gross ring was operating in Brooklyn. As a result, his figures on police "ice" are somewhat out of date, but the long-enduring philosophy, "the system" he described, are unchanged today.

This particular plainclothesman explained that illegal wire tapping was a general practice. Sleuths, he said, were always on the lookout for a bookie trying to sneak a play without a pay-off — not, however, so that they could arrest him, but so that they could shake him down. Discovery of a character so stupid that he tried to dodge the pay-off, the plainclothesman pointed out, "could be worth anywhere from $500 to $1,000 to me personally." He added that, if you were lucky enough to grab a bookie's work sheets, you could really shake him down because, if he lost those sheets, everybody who bet with him that day would claim that they won, and the poor man would be ruined. "He has no way of knowing who plays what, and you put him out of business," the former plainclothesman pointed out. "Then all he can do is pay everybody. So it's cheaper to pay you."

Q. How extensive is that practice?

A. Oh, let me say that any man who is susceptible and needs an extra dollar will do it.

Q. And would that be true of most plainclothesmen?

A. I don't like to say this because I like being a policeman, but I think it's true of almost every cop. I don't say all. . . . There are a number who will do it and do it continuously. The average fellow will take a bribe of say $5 to $10 and he worries about it for six years later. That's the average policeman. I know some and believe me I know quite a few who wouldn't touch a nickel if you forced it into their pockets. Unfortunately, those men are out in uniform on the street, and they're not where they have the opportunity of taking anything. But it's a terrible temptation to a man who makes, I'll say, $80 a week and he's walking around with $1.50 in his pocket and he knows his wife has $3 to run the house for four days and somebody else has $500 just to walk away with just a piece of paper in his pocket.

Q. To what extent is this practice known by the supervisor of police personnel?

A. Well, let me put it this way.

A telephone costs [a bookie] $1,500.

Q. To get a telephone in?

A. No, to keep a telephone would cost you approximately $1,500 a month. And that has to be divided all the way down the line. The division plainclothesmen realized about $10 of that $1,500 individually. Now if you have ten plainclothesmen — now that's $100 — that goes for the ten plainclothesmen. Well, believe it or not, that's the ratio. Then you have a lieutenant in charge. First you have the two "shooflies." They're supervisors in plainclothes. They could be a lieutenant, they could be a sergeant. They have to be cut in for a share. The borough office has to go in. His boss has to go in — it goes right up the line.

Prices Go Up

All the evidence indicates that the price of protection has grown steadily more exorbitant with the passage of years. More millions are being poured into gambling now than was the case ten years ago, and inevitably the size of the "pad" has increased.

No longer can a bookmaker in New York City obtain an "okay phone," meaning complete protection from interference on every echelon of the Police Department, for a mere $1,500 a month. A couple of years ago, one veteran of the profession asserted that the going rate was $2,000 a month for each phone, each "spot" in the city — and that at least 500 "spots" were operating under this system. Since that time, the bite on policy operators has mounted to a minimum of $2,500 a month, and it

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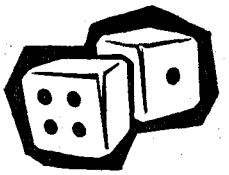
is logical to assume that the bookies, who handle an even heavier cash business, do not escape the greedy grasp of a corrupted law any more lightly.

Let's see what kind of price tag this places on over-all corruption. Even if one assumes that the 150 books who appeared on the Tollin code list were the only ones operating in the city, an "okay phone" costing each book $2,500 a month would pyramid to a monthly payoff of $375,000 — a yearly take of $4.5 million. If there were 500 books operating in the five boroughs with their 8 million population, a figure that is considered ultra-conservative in the trade, the annual graft from bookmaking alone would mount to $15 million. And when one adds to this the policy "pad," one comes to the almost inevitable conclusion that corruption in New York is probably a $20 million annual business — and it could well be considerably more.

No one supposes, naturally, that the police are allowed to wallow by their lonesome in this happy mire of corruption. As the ex-Brooklyn plainclothesman told Dash, "It goes right up the line," and inevitably a sizable hunk must be diverted by a conveyor belt into political coffers. If it wasn't, the politicians, who do after all control the city government and the police and all the other agencies of law enforcement, wouldn't permit the system to operate for a minute. But this "system" has endured for decades now, it still goes on, practically everybody knows about it — and nobody does anything to stop it.

CHAPTER  YOU CAN'T HELP THE LAW

THE UNDERWORLD'S gambling billions wield such influence, foster such corruption, on both the police and political levels that law enforcement in many vital areas in America today is literally beyond help. It is so far gone down the trail of outright bribery and official connivance that, even when its nose is rubbed in the scent of its quarry, it catches no scent and sees no quarry.

This determined blindness of the law, the rigid fixation by which it guards the gambling *status quo* that pours literally billions of dollars into the coffers of some of the most savage mobs in America, is perhaps most glaringly obvious in certain sensitive fiefs outside Chicago and New Orleans. Just across the Chicago city line, in Cicero, Ill., the heirs of Al Capone run a gambling barony that has defied time and repeated exposure. In Jefferson Parish, just outside New Orleans, the ruthless Carlos Marcello mob, its activities thoroughly aired by Kefauver nearly ten years ago, flourishes as if the Kefauver exposé had been nothing more than a strange, new hormone fattening the rackets.

What makes both of these powerful mob operations so brazen and so noxious is that they are being conducted in the very areas serviced by two of the best and most dedicated crime commissions in the nation — the Chicago Crime Commission, directed by Virgil W. Peterson, long a nationally recognized expert on the ties and activities of the big-time underworld; and the Metropolitan Crime Commission of New Orleans, whose managing director is Aaron M. Kohn, a former top aide of J. Edgar Hoover.

The crime commissions of both cities, persisting in the face of official sloth and indifference, have done outstanding jobs in uncovering evidence of wide-open gambling that seems, by some peculiar perversity, otherwise invisible to the eyes of the law; both have adopted over a period of years the forthright tactic of giving agencies of the law specific information, so detailed as to names, times and places that it would seem inaction must be impossible; and both have seen this factual data deliberately and repeatedly ignored to just one end — so that the rackets could continue to flourish.

When the law is so determinedly purblind that it cannot be helped by even the most powerful searchlight cutting a vivid path through the shadows of darkest night, even a simpleton in grade school must suspect corruption. After years of endeavoring to help a law that refused to be helped, Virgil Peterson finally wrote a scorching indictment of modern officialdom in the Chicago Crime Commission's annual report for 1959. He said:

> Officials responsible for enforcing the law should be held strictly accountable for the performance of their sworn duties. If they continue to show no inclination to perform their sworn duty they should be charged with nonfeasance or malfeasance. . . . It is time that drastic action be taken against responsible officials who persistently refuse to enforce the laws in the public interest.

It is more than time. It is past time. Charitable persons who like to believe that this is the best of all possible worlds, that virtue is its own reward and that men with distinguished titles must actually deserve them, must prepare themselves for rude shocks when they study in detail the obstructions encountered by Peterson and Kohn in their efforts to help the reluctant dragon of modern law enforcement along the clear path of duty. Let's turn first to the Chicago scene.

The Chicago Story

Beginning in August, 1956, Peterson and his Chicago Crime Commission investigators pressed a campaign to make the law aware of the determined efforts of syndicate boss Tony Accardo to reopen the multimillion-dollar gambling operations

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that had flourished previously at such sites as Ralph's Place, The Fort and The Trot Inn. Sheriff of Cook County at the time was Joseph D. Lohman, a former University of Chicago professor, a criminologist and a consultant to many police departments throughout the nation. In communications to Sheriff Lohman, Peterson detailed plans of the Chicago syndicate to open a big gambling house on West Gunnison Street. Lohman raided the place and made several arrests, but the big game subsequently opened at the same site, ran there for a few weeks and then moved to Cicero, long a hotbed of Capone mob activity. The Chicago commission noted that the town "continued to furnish a friendly atmosphere for syndicate gambling places in 1956. At least one gang killing in 1956 stemmed from Cicero gambling operations."

Sorry, No Answer

In 1957, the Chicago Crime Commission focused an even stronger spotlight on wide-open gambling in Cicero. It sent nine letters to the Sheriff's office during the year, each containing specific details on Cicero gambling operations. One huge and highly remunerative gambling game had run at the same site for more than ten years; the address and the operators had been publicly identified during the Kefauver probe — yet nothing had changed, the gambling spot ran wide open right where it had always been. Describing the information his commission had forwarded to Sheriff Lohman in its letters, Peterson wrote:

> Each letter listed from eight to fourteen addresses where Crime Commission investigators found gambling in operation. Several raids were made by the Sheriff's office, but many of the places soon resumed operations in the friendly climate that seems to prevail for Cicero gamblers year after year. In the nine letters directed by the Chicago Crime Commission to the Sheriff's office in 1957, one address was reported in eight of them, two addresses in seven, one in six and another in four. And with reference to these five addresses, from April 11, 1952, through 1957, the Chicago Crime Commission has reported one address 63 times, another 59 times, another 52 times, another 51 times and still another 50 times.

The persistent character of Cicero gambling establishments is illustrated by Joseph Corngold's place at 5914 West Cermak Road, Cicero, Ill. This address was reported in Chicago Crime Commission letters to the Sheriff's office eight times in 1957. When Capone gang leader Louis "Little New York" Campagna appeared before the Kefauver U. S. Senate Committee in 1950, he testified that he had been in partnership with Joseph Corngold and Willie Heeney in the operation of two gambling places in Cicero called the El Patio, at 5914 West Cermak Road, and the Austin Club located at Roosevelt Road and Austin Boulevard. Campagna testified that this partnership was started in 1934 and his share of the earnings amounted to $75,000 a year. Campagna and Heeney are both deceased, but Corngold and the gambling place at 5914 West Cermak Road appear to go on forever with the blessing of Cicero officials.

They went on just as merrily in 1958 as if the Chicago Crime Commission, whose published reports were certainly no secret, had not spoken so bluntly in 1957. Obviously, officials in Cicero and Cook

County, if they could read, were not practicing the art; but the Chicago Crime Commission, hopeful that they might be encouraged to indulge in this elemental practice, continued to direct specific reports containing specific details about big-time gambling to Sheriff Lohman's office in 1958. It sent the Sheriff, in all, seven letters pinpointing eighty-two gambling spots; and finally, in a letter dated October 22, 1958, in which it listed seventeen addresses, the commission injected a sharp and unmistakable needle. "Many of the gambling places set forth," it wrote, "have been known to your office for a number of years. Yet the places continue to operate without fear of raids or arrests."

Making Headlines

One of these much-named gambling places became involved in headline disclosures that caused a flush of embarrassment to rise to the cheeks of officials not generally susceptible to that particular emotion. This contretemps arose over a major Capone syndicate crap game that was clicking along merrily at a West Cermak Road address in Cicero, not far from the Corngold game of persistent and delightful immunity. This second big-time gambling game made its home in an air-conditioned room in the rear of the Viaduct Lodge at 4612 West Cermak Road. As in the case of the Corngold game located on the same gambling thoroughfare, the Chicago Crime Commission had called this particular syndicate endeavor to the attention of the Sheriff's office on more than one occasion.

As early as August, 1956, the commission had identified the proprietors as Rocco Fischetti, Leslie Kruse, Gus Liebe and Johnny Drew—"all well-known, big-time syndicate gambling operators." In a letter in November, 1956, the commission had informed the Sheriff that this game was running at 4612 West Cermak Road, and it had added:

> As we have informed you in earlier communications, we are confident that a properly conducted raid on this operation around 11:30 at night, particularly on Friday or Saturday, would net top-notch Capone syndicate gambling house operators, including Leslie Kruse, Gus Liebe, Johnny Drew and similar characters. I am sure you will agree with us that it is disgraceful for this place to operate. The wide publicity given the operation of this same joint at Ralph's Place, The Fort, etc., brought the administration of your town's immediate predecessors into disrepute. We feel confident that you can put this place out of business permanently. It has now been operating almost con-

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tinuously for the greater part of a month. The profits to the Capone syndicate are enormous.

Newsmen Point a Finger

No warning certainly could be more pointed, more explicit, more strongly worded. Yet the law took no effective action; the gambling game that represented those "enormous" profits to the Capone syndicate continued to run for months, for years. Then on July 7, 1958, the *Chicago Tribune* sent reporters George Bliss and Sandy Smith to the West Cermak Road address to see what they could see. They saw plenty and reported all in a story that the *Tribune* displayed prominently, with considerable relish. The two reporters had identified August J. (Gus) Liebe as the manager of the game; and Liebe, no bashful character he, had talked frankly to them. The game, he said, was "too big to hide," and he added frankly: "There is no such thing as sneaking with a big gambling operation. It is bound to attract a lot of attention. I guess the Sheriff doesn't know his way around."

When this newspaper exposé exploded in the face of a startled officialdom, the reaction was ludicrous. As Peterson noted in his 1958 crime report, "the sheriff's office expressed surprise and indicated a total unfamiliarity with either the location or Liebe!"

The incident seems to speak volumes about the relationship of the Capone syndicate with the law in Cicero and Cook County, but it wasn't by any means an isolated or unusual incident. Peterson's commission found big gambling games running wide open in other towns in the county and kept bombarding Sheriff Lohman with letters listing the names of places and the addresses at which the law was being flouted by the rackets. A special target of these warnings over a period of years had been a gambling casino known as the Casa Madrid at 171 North 25th Avenue in Melrose Park, Ill. The proprietor was Rocco De Grazio, a man with important Capone syndicate affiliations. Capping reports it had been making for years, the crime commission, on January 30, 1958, and again on February 25, 1958, wrote Sheriff Lohman that the Casa Madrid "has been a notorious gambling operation for many years and has been known throughout the county as a syndicate gambling joint." The commission urged that a "well-planned and executed" raid be conducted by the Sheriff's office.

Again, as in the case of the Viaduct Lounge, the warning fell on deaf ears; and again, on July 28, 1958, the *Chicago Tribune* featured a page-one story in which its reporters described in minute detail the huge gambling operation that was flourishing in the Casa Madrid. Even this prominent public exposure, reinforcing a whole series of earlier commission warnings, wasn't sufficiently potent to stir the law off its stumps. As Peterson noted: "The place continued to flourish, however, and on November 28, 1958, Illinois State Police officers raided the Casa Madrid, dispersing one hundred persons and arresting six employees of the gambling establishment."

Lohman Steps Up

This brings the story down to 1959 and a new sheriff. Lohman had made some 1,500 gambling and vice raids during his tenure, a show of energy that enabled his supporters to bill him as "the best sheriff Cook County ever had" in calm disregard of the fact that the prize enterprises of the Capone mob had suffered little interference. Campaigning like a crusader, Lohman swept on to bigger and better things as State Treasurer of Illinois.

The vacant law-enforcement seat left behind was promptly occupied by Frank G. Sain. One of Sain's first acts was to appoint Chicago Police Captain Thomas Harrison head of the Cook County Highway Police. Peterson noted at the time that Harrison had once been discharged from the Chicago police force on charges of failing to suppress gambling in his district. He had appealed in the courts and won reinstatement. Subsequently, in testimony before the Kefauver Committee, he had admitted that in 1937 he had received a gift of $32,500 from a gambling racketeer. Discharged again by the Civil Service Commission, Harrison again fought the verdict in the courts, won a split-decision reversal from the Illinois Supreme Court, once more was reinstated. As Peterson noted: "With this background . . . the appointment of Captain Thomas Harrison as head of the Cook County Highway Police is hardly one to inspire confidence of more effective enforcement of the gambling laws in Cicero, Melrose Park and other parts of the county." Nevertheless, Peterson and his Chicago Crime Commission continued to try to share their discoveries with the law—and with no better results than in the past. Especially striking was the complete disinterest the commission aroused with a letter on April 22, 1959, in which it described sixteen gambling spots. Five were in Calumet Park, Ill., and one of the most important of these was described for Sheriff Sain in these terms:

> 12900 South Ashland Avenue, Calumet Park, Ill., Club Corral — Commercial casino gambling . . . operated in the rear room of this place. Cars are parked within a stockade at the rear and attendants supervise the admission of known patrons into the gambling room through the back door entrance covered with a canopy. This is a syndicate night-time operation and is going full blast about 1 or 2 in the morning.

The result? Peterson reported it in these words:

> Big casino gambling operations continued to flourish in the place until late in July. At that time a feature story written by George Bliss of the *Chicago Tribune* focused public attention on the plush gambling establishment still flourishing in the Club Corral.

Publicity and public attention don't mean much, however, to the mob when it does not have to worry about the one thing that matters — the law. The publicity dies away, the public forgets, and the gamblers, as the wise-cracking Willie Moretti once boasted, "just fade and fade." This beautiful truth was nowhere more clearly illustrated than in the continuing careers of those veteran Capone houses, the Viaduct Lounge and the Casa Madrid. Despite the exposures and embarrass-

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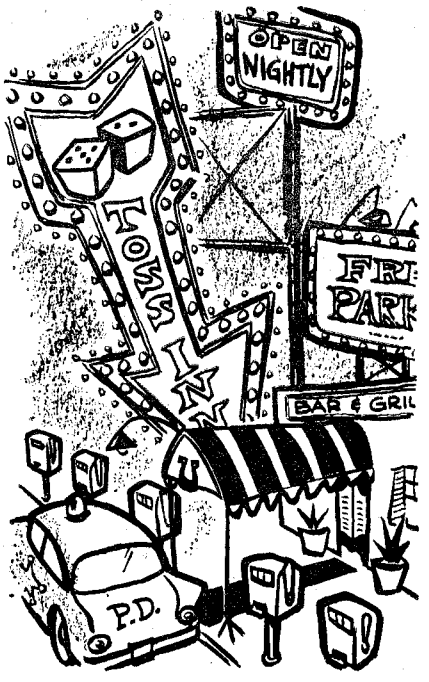
ments of previous years, despite an occasional raid, they continued to run and run and run. Peterson described what the Chicago Crime Commission had been trying to accomplish in the face of massive official lethargy in these significant paragraphs:

> On January 15, 1959, the Crime Commission reported nineteen establishments including the Casa Madrid in Melrose Park, Ill., a persistent Capone syndicate violator for many years, an establishment in Stickney owned and operated by Al Capone's brother, the old Wagon-wheel operation in Norwood Park Township in which Sam (Mooney) Giancana has had a lucrative interest for many years, and numerous places in Cicero.
>
> As usual, Capone syndicate gambling operations were particularly lucrative in Cicero, Ill. Some of the establishments in this locality also specialized in vice. In a letter to the Sheriff's office on January 21, 1959, the Crime Commission reported several Cicero places in which gambling was flourishing, and in three of them vice was also present. Strip-tease girls were giving obscene performances completely in the nude, while "B" girls were soliciting for prostitution as well as for drinks.
>
> Over a period of many years the Chicago Crime Commission has reported a highly lucrative Capone syndicate crap game that has operated in various sections of Cook County and for a time in Lake County, Ill. In recent years, this game has operated at 4612 West Cermak Road in Cicero, Ill. [Here Peterson repeated again the contents of the November, 1956, letter in which he had named the proprietors and urged a raid.] Yet almost three years elapsed following the Crime Commission letter of November 2, 1956, before the first effective action was taken on September 5, 1959. And this action was taken by the office of State's Attorney Benjamin S. Adamowski and not by local Cicero officials or the Sheriff's office, which had primary responsibility for law enforcement in Cicero.
>
> On September 5, 1959, representatives of the State's Attorney's office conducted a well planned and executed raid on the Viaduct Lounge located at 4612 West Cermak Road in Cicero. Among those seized by the State's Attorney's investigators were Rocco Fischetti, cousin of Al Capone and a powerful gambling king in Cook County for many years, Gus Liebe, manager of Capone syndicate casino gambling establishments for decades, and Leslie Kruse, who together with Capone gang leader Tony Accardo has operated the infamous Owl Club in Calumet City, Ill. Others arrested in the establishment included a nationally known boxing racketeer and gambler who has been active principally in the East. It will be noted that in large part the identical Capone gang bigwigs listed in the Crime Commission letter of November 2, 1956, as operating the establishment . . . were arrested by the State's Attorney's investigators as managers of the place when it was raided on September 5, 1959. Also seized in the raid were bundles of currency totaling $89,284.75.



Such is the record of the law vs. the Capone mob in the crime-dominated suburbs of Chicago. It is startling enough when investigators for independent crime commissions and newspapers can consistently come up with disclosures that the law seems positively unable to ferret out; but it is even worse when this information is offered to the law time and time again, and still nothing is done about it. As Peterson finally and angrily concluded in his 1959 report, issued in late July, 1960: "It is time that drastic action be taken against responsible officials who persistently refuse to enforce the laws in the public interest."

The experiences of Virgil Peterson and the Chicago Crime Commission in trying to arouse a law determined to slumber are not by any means unique. In New Orleans they have been duplicated almost step by step by Aaron Kohn and his Metropolitan Crime Commission. In fact, the New Orleans experience is, if anything, the more drastic and significant of the two; for personalized in it, in the career of one unlovely thug, is the whole issue of crime and corruption in America. The thug is Carlos Marcello, who has spent a lifetime laughing at America's idiotic conventionalism that pictures honesty and industry and thrift as the steppingstones to success; for, as anyone knows and as Marcello's career so well demonstrates, just the opposite is true. The real virtues are ruthlessness and brutality and bribery; these comprise the real American success formula, and if you practice these three sterling principles well enough, the law becomes your abject servant.

Meet Mr. Marcello

Anyone who might be inclined to cavil at this blunt statement needs only to study the life work of Carlos Marcello, needs only to contrast the crimes of his past with the absolute immunity of his present, needs only to remember that this reputed No. 1 man of the Mafia in Louisiana is also now a "legitimate" businessman of note and a millionaire.

Born Calorso Minicari in Tunis, North Africa, on February 6, 1910, the son of Sicilian parents, Carlos Marcello was brought to this country when he was eight months old. His police record begins on November 29, 1929, when he was nineteen. He and his brother, Peter, seventeen, were arrested as accessories before and after the robbery of a branch of the Canal Bank in the Algiers section of New Orleans. The verdict of the law in this first case was to become a familiar refrain in Marcello's career—charges dismissed.

The further police dossier on the man who grew from punk to power, and now wheels and deals in multi-million-dollar motel and real-estate

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transactions with the nonchalance of one making a purchase at a five-and-ten cent store, reads like this:

May 13, 1930—On this date, just six months after his first offense, Carlos Marcello was convicted of assault and robbery and sentenced to serve 9 to 14 years in the state penitentiary. He was paroled on September 12, 1934, after serving less than five years of his "not less than nine" sentence.

January 7, 1935—At liberty barely four months, he was charged with assault and robbery of $20 at an Atlantic & Pacific grocery store in New Orleans, and with assault, beating and wounding with intent to murder Robert P. Childress, an employee of the New Orleans Police Department. Freed on both charges on orders of Chief of Detectives John Grosch.

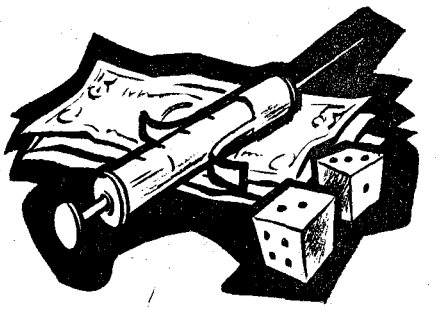
February 17, 1935—Trouble with "feds," violation of U.S. Internal Revenue laws. Charge short-lived, dismissed on May 2, 1935.

July 25, 1935—Despite the two interim charges casting doubt on his reformation, Marcello was granted a full pardon in the assault and robbery case that had sent him to prison. Governor O. K. Allen, a stooge for Louisiana's "Kingfish," Huey Long, granted the pardon. Coincidentally, Frank Costello and "Dandy Phil" Kastel were setting up their slot-machine empire in Louisiana with Long's connivance—and Marcello was part of their combine.

September 8, 1938—Marcello and another narcotics violator were arrested for trying to elude cops in a high-speed chase. Marcello was nabbed coming out of a vacant lot in which a discarded gun was found. Again nothing happened; the official records are a beautiful blank as to what disposition was ever made of this case.

October 29, 1938—Caught by federal agents in a roundup of "the biggest marijuana ring in New Orleans' history," Marcello pleaded guilty on this date to selling more than twenty-three pounds of untaxed marijuana. Marcello was committed to the federal penitentiary in Atlanta and fined $76,830. Between his arrest and imprisonment, while out on bail, he became involved in two more arrests. In June, 1938, he was charged with supplying marijuana to a man with a record as a previous narcotics violator. The purchaser went back to prison; Marcello—charge dismissed.

August 18, 1939—Marcello was discharged from Atlanta Penitentiary after serving nine and one-half months on the narcotics rap. That $76,830 fine was a bit of a problem, but again the law took pity on poor Carlos Marcello. His wife filed an



affidavit asserting that they were insolvent—$1,409 in debt—and that her only income was $50 a month from a small liquor store. The law evidently believed it, for Marcello, once out of prison, settled the $76,830 federal tax lien for just $400—a bargain if there ever was one.

October, 1940—Trouble with U.S. Immigration agents who evidently had discovered Marcello was an alien who had never bothered to become naturalized; also, an arrest by New Orleans police for having no honest means of support. Both charges faded.

January 13, 1948—A newspaper photographer charged that Marcello and a bodyguard had grabbed and destroyed his camera and films, then backed him up against a wall and went through his pockets. The incident happened in front of Gretna Green Court House, in the presence of deputy sheriffs who watched and did nothing. Photographer had been taking pictures of demonstrators protesting sheriff's interference with a political parade. Charges filed against Marcello and bodyguard; disposition—another beautiful blank.

January 25, 1951—On the witness stand before Kefauver Committee, Marcello balked at questions regarding his financial interest in the Jefferson Music Co., the Dixie Coin Machine Co., bars, restaurants, night clubs, slot machines, pinball games, juke boxes, gambling casinos, a horse-race betting wire service, a taxicab company, oil fields, a shrimp fishery, a frozen-food packaging plant. The far-ranging scope of the questions indicated vividly how wealthy the pauper of 1939 had become in just a little more than eleven years—a truly fantastic feat, in view of heavy wartime taxes.

January 17, 1955—Horace Perez, a notorious gambler and associate of Marcello, went on trial for bribery. State Police Major-Inspector Aaron Edgecombe had laid the trap; several thousand dollars Perez had paid him to protect gambling in Marcello's private fief, Jefferson Parish, were introduced into evidence. Wire-tapped recordings of conversations with Perez were read to the jury. Perez was convicted. He and an associate were later convicted of a similar bribery attempt in Orleans Parish. But the following year Governor Earl K. Long pardoned the pair, and after the pardon, *the courts ruled that the marked graft money must be returned to the convicted bribers.*

No Exception, He

Capsuled in this criminal career is the virtually complete triumph of the American underworld over the forces of American law. It may be argued that Louisiana, a state with a long tradition of public life corrupted by gambling millions, represents a loaded case on the issue of public and official morals. Perhaps. But it must be remembered that New York had its Frank Costello and its Joe Adonis; Chicago, its Tony Accardo and its Fischettis; Las Vegas and California their Buggsy Siegel and Jack Dragna and Mickey Cohen; Florida and New York and Cuba, the Meyer and Jake Lanskys—just to mention a few. Some of these have weathered all exposures and are still truly awesome powers today. As a rule, nothing ever happened to any of these crime lords unless they (1) double-crossed their own syndicate brethren and got knocked off like Buggsy Siegel, or (2) they had the extreme bad luck to run into sensational exposures like Kefauver's or the ill-starred Apalachin conference—events that create such a furor and

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hullabaloo among press and public that something simply has to be done.

But even such outcries have been unproductive of any real or lasting results, so deep has the corruption of gambling billions eaten into the fabric of American life; for the underworld, having made its few essential sacrifices to the law, runs on and on, cynical in its justified contempt, ruthless in its ever-growing power, pyramiding its wealth and infiltrating legitimate business until it has become almost impossible to tell where racket ends and business begins. This is done in open defiance of every law in America, right up to the highest federal level. Anyone who doubts needs only to study the case history of Carlos Marcello and the charmed life he has led in the ten years since Kefauver so thoroughly exposed him.

Founding an Empire

In the aftermath of Kefauver, U.S. Immigration authorities attempted to deport Marcello. Here was a man who had never become a citizen—an alien with a long criminal record, including sentences for assault and robbery and narcotics; yet, despite his unprivileged status, despite his record, Marcello since 1952 has kept the federal government tied in knots in the courts and has defied every effort to boot him back to Tunis. All that has happened, as Aaron Kohn made clear in his testimony before the McClellan Senate subcommittee in 1959, is that Marcello has grown infinitely more wealthy and more powerful in these ten years of grace; all that has happened is that he and his mob today virtually dominate Jefferson Parish, the big-time gambling Mecca that rings New Orleans on the west and south.

The cornerstone of Marcello's ever-growing empire was laid as early as 1940 in the Jefferson Music Co., located at 335 Huey P. Long Avenue, Gretna, La. In those days of Marcello's alleged pauperism, the company was operated in the name of his mother, Mrs. Louise Marcello; but on January 28, 1942, she transferred title to Carlos' younger brother, Vincent, still a minor at the time. The business listed 49 slot machines, 50 music boxes, 62 pin games and other equipment spotted at 84 different locations, mostly in the Algiers section of New Orleans. In 1944, Carlos Marcello's interest in Jefferson Music came into the open when he and Vincent formed a partnership. Within two years, each was drawing $25,000 annually from the company.

As Carlos Marcello's business interests grew, his younger brothers took over the operation of Jefferson Music; but Carlos, according to the Metropolitan Crime Commission, still makes his headquarters there, still finds it a handy rendezvous for meeting racketeers and politicians. Significantly, the expenses of his legal battle against deportation by the federal government have been charged off to Jefferson Music. His continuing close ties to the firm became highly relevant to an issue that exploded when the scandal-riddled Eisenhower Federal Communications Commission on December 11, 1957, granted Jefferson Music a license to operate a citizens' radio station, authorizing installation of thirteen transmitters of the kind used in automobiles and other vehicles. Aaron Kohn and the Metropolitan Crime Commission filed a vigorous but futile protest. They pointed out that, under the law, it was illegal to issue such a license to an alien; that Jefferson Music itself always had been in the illegal slot-machine business; that Marcello's associates still ran the illegal horse-wire service of such inestimable aid to Louisiana bookmakers; and that, in effect, an FCC radio license was a dandy boon for the federal government to bestow upon a ring blatantly involved in a whole kit and kaboodle of illegality.

Interlocking Directorates

None of these arguments seemed to register with the FCC. Carlos Marcello's old firm had its license, and Marcello himself swaggered on his all-powerful way. The extent of his power was demonstrated graphically in the activities of a couple of other companies — the Huey Distributing Co., 3760 Airline Highway, Jefferson Parish, and the Vac-Key Amusement Co. at the same address. Both firms dealt in music and pinball machines; and, according to Kohn and the Metropolitan Crime Commission, within weeks after Sheriff William S. Coci took office in Jefferson Parish in June, 1956, two of his deputy sheriffs began calling at the busier bars and restaurants, ordering them to remove their present juke boxes and install those being distributed by the two Marcello companies. "Put in our machines, or we'll close up your handbook," the deputies allegedly told one proprietor. Needless to say, the new machine, which played only three records for a quarter instead of the usual nickel a play — and which in addition reportedly gave the businesses where they were installed a smaller percentage — soon became the rage of joints all over Jefferson Parish.

The juke box, pinball and slot machine companies represented, however, just one tiny tributary in the enormous river of Carlos Marcello's wealth. Indicative of his fiscal and criminal stature (and this just seven years removed from the abject poverty he had pleaded before the federal government in 1939) was Marcello's action on November 30, 1946, in buying a 17 per cent interest in the Beverly Club for $45,000 — cash. The Beverly Club, in which Frank Costello and "Dandy Phil" Kastel were principal stockholders, was one of the most lavish night clubs and gambling casinos in the nation. It did a multi-million-dollar annual business and ran for

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years until the Kefauver spotlight caused a temporary rash of conscience on the part of the law. With the proceeds of the Beverly Club flowing into his coffers, Marcello and an associate in May, 1948, put up $160,000 to purchase the New Southport Club, another gambling casino in Jefferson Parish.

Spreading Investments

Gambling millions flowing in from all of these enterprises let Carlos Marcello expand his interest into many fields — into real estate, oil wells, bars and restaurants and motels, the Louisiana Quick Freeze and Storage Co. in Morgan City, La., and the Sea Shrimp Co. in Patterson, La., which operates trawlers in the Gulf of Mexico. Though the Kefauver probe temporarily pinched off the revenue from such flossy gambling casinos as the Beverly Club, Marcello's other enterprises flourished and money poured upon him and his partners in a golden cascade. In 1958, he and his five brothers, his two sisters and his mother sold a 183-acre tract in Gretna for just a penny less than $1 million. In July of that same year, the million-dollar-plus Town & Country Motel opened at Rossier City near Shreveport, La. — an enterprise in which Marcello's attorney and his business partners appeared as the principal stockholders. A third transaction in 1958 gave Marcello a substantial interest in the Holiday Inn Hotel in Jefferson Parish, purchased for $1.8 million. And these were not by any means the only transactions; they are merely three selected at random to indicate the enormous wealth and power the rackets had placed in the hands of the one-time punk named Carlos Marcello.

An essential concomitant of such racket power is political power; the two go hand-in-glove and one cannot exist without the other. Marcello's political influence has been demonstrated many times and in many ways, but perhaps nowhere more graphically than in the favoritism he has been shown on the tax-assessment rolls of Jefferson Parish. A few examples should suffice to illustrate the point. Marcello's former home in Marrero, La., acquired in 1946 for $42,500 and advertised for sale in 1959 for $125,000, was carried on the tax rolls at an assessment of $8,000. The New Southport Club, the gambling casino he bought in 1948 for $160,000, was assessed at $7,200. The Town & Country Motel in Jefferson Parish, built in 1953 at a cost of $350,000 and offered for sale by Marcello in 1959 for more than $1 million, was assessed at just $17,500. It goes without saying that the ordinary citizen, who often pays exorbitant taxes on his home in these days of ever-mounting governmental costs, is rarely treated with such infinite consideration by the taxing authorities.

Political Associates

For those who would plumb such mysteries, the Metropolitan Crime Commission has compiled a list of the prominent racket, business and political figures who have been identified attending Marcello's court in the dilapidated and sinister Willswood Tavern. Located across the Mississippi from New Orleans, bordered by marshes and isolated from the prying eyes of any neighbors, the tavern has past associations with narcotics peddling and murder. Marcello, though he has many more lavish conference sites at his disposal, apparently still retains a fondness for the privacy of the dilapidated Willswood, and still calls many a conclave there. Attending some of these soirées, according to the crime commission, have been such distinguished figures as Sheriff Coci and Charles Spencer, president of Jefferson Parish. The commission has also spotted another curious tie with Jefferson Parish officials in the recorded ownership of Marcello's elaborate weekend retreat in the fishing village of Grand Isle on the Gulf of Mexico. His property there is registered in the name of Philip B. Smith, Attorney for Jefferson Parish, appointed to that post by Spencer.

Curiously enough, after Sheriff Coci and the State Police and Governor Earl Long all had refused to become excited about the commission's charges that vice and gambling were rampant in Jefferson Parish, an effort was made to get the Jefferson Parish Council to supply funds to the District Attorney for a probe, and at this juncture, Parish Attorney Smith delivered a key legal opinion. He solemnly advised President Spencer and the Parish Council that they had no legal authority to act.

Against this background of financial power and widespread political ties, it is not surprising to find that Aaron Kohn and his Metropolitan Crime Commission, even with the aid of repeated exposés in the New Orleans press, have not been able to put the slightest dent in Marcello's racket empire. Yet the kind of supreme power an eminent racketeer wields can be only understood when one appreciates the comparative ease with which Marcello has turned aside the most determined and persistent efforts to persuade, to pressure, to embarrass the law into action.

Nobody Cared

From September 27, 1956, to date, the Metropolitan Crime Commission has followed the same technique Virgil Peterson uses in Chicago. It has made its own investigations, uncovered its own evidence; it has furnished responsible officials ranging from Sheriff Coci to Governor Long, when he was in power, with specific details of law violations; it has issued public statements exposing both the true situation and the curious inaction of the law. In a formal resolution passed on September 27, 1956, the commission noted that it had notified Sheriff Coci of law violations at twenty-seven locations in Jefferson Parish. These included every kind of gambling — handbook, roulette, dice, cards, pinballs, lotteries and punchboards, prostitution, liquor-law violations, liquor sales to juveniles, gambling by juveniles. Having failed to get action, the commission called on the District Attorney, the Superintendent of State Police and Governor Long to act. Nobody in Louisiana became excited.

In the next two years the commission returned to the attack again and again. It was greatly helped by the local press. In one sensational series of articles in early June, 1957, the New Orleans *States* sent veteran

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crime reporter Edwin Strickland into Jefferson Parish and reported what he found. Strickland, on loan from the Birmingham *News*, had covered the Phoenix City vice and corruption scandal, and he drew a deadly parallel between the conditions that had been exposed in Alabama's "City of Sin" and those he found in Jefferson Parish. He discovered that the Kefauver exposé had had the effect of making the Jefferson Parish mobsters more secretive and more cautious; they did not yet indulge in huge and blatant gambling casinos like the Beverly Club and the New Southport Club. But every other kind of gambling racket flourished, with the open and unabashed connivance of authorities.

Old Ways Resumed

In a series of articles Strickland proclaimed that slot machines had again become a multi-million-dollar racket in Jefferson Parish; that bookmaking flourished so openly the results from the tracks were announced over loud-speaking systems; that dice and gambling games of every kind flourished. He wrote:

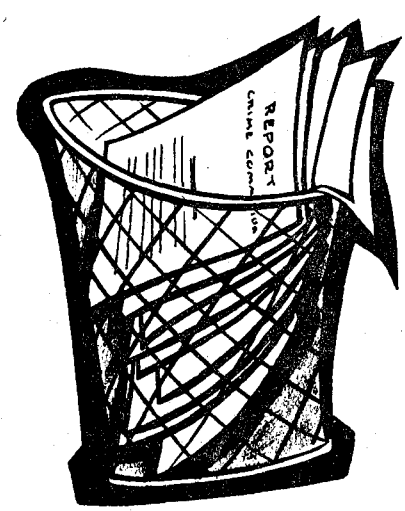
> I have seen horse bets placed, and openly discussed while a policeman sat drinking a cup of coffee almost within arm's reach of the bookie.
>
> I have seen Sheriff's deputies in Jefferson Parish in places where the clang of the slot machines almost drowned out conversation.
>
> I've even had a policeman kibitz while I played and made a hit on a horse-race machine and was paid off over the counter.

Sheriff Coci's response to this was to call Strickland and the New Orleans *States* "liars." He said he had had his deputies check 300 establishments and slot- and race-horse machines — and had found nothing. In the wake of this official discovery of zero, Jefferson Parish, according to the Metropolitan Crime Commission, went happily back to its gambling ways. Murder followed in gambling's train. On January 25, 1958, a notorious gambler was gunned down almost on the steps of The Ranch, a barroom that the Metropolitan Crime Commission had repeatedly named to Sheriff Coci as a gambling site. In an angry telegram to the Sheriff, Aaron Kohn exploded:

> You have chosen to consistently ignore specific reports and allegations while these criminal activities have continued and expanded. It was inevitable that crimes of violence should arise in this atmosphere of lawlessness which provides a growing sense of immunity from control to those engaged in the ruthlessness of syndicated crime. An objective evaluation of conditions during the past two years leads to the inescapable conclusion that racketeers and hoodlums in Jefferson Parish have been unhampered and encouraged by your office in their achievement of economic and lawless power which now parallels the conditions exposed by the Kefauver Committee in January, 1951. . . . We again call to your attention, as we did last year, laws of our state which describe as a crime the deliberate failure of a public official to perform his duties.

Grand Jury Fiasco

This was just one chapter in a continuing campaign that has yet to produce any conclusive result. In March, 1959, Kohn took the witness stand before the McClellan committee and put on the record his charges against the Marcello mob and the wide-open gambling in Jefferson Parish. The District Attorney ordered a grand jury probe, the result was another zero, and the crime commission charged that this had been achieved through the failure to call important witnesses. In January and May, 1959, the commission confronted New Orleans police with evidence of heavy gambling in the city; in July, in another communication to Sheriff Coci, it returned to the attack on Jefferson Parish lawlessness, stressing that conditions remained unchanged in spite of the public revelations before the McClellan committee.



The commission named names, gave addresses. It declared that the "notorious" Chesterfield Club had temporarily ceased operations but had soon reopened; that the Keyhole Club in Westwego, whose contents had been acquired by Carlos Marcello in a sheriff's sale in 1951, hadn't bothered to suspend even for an instant the activities of its roaring gambling casino, featuring roulette, dice, blackjack and keno. The commission identified an entire chain of gambling joints in Jefferson Parish and wrote:

> Perhaps the most heavily trafficked gambling joint in the State is Lambert's Owl Club at 809 Causeway Boulevard. It has been operating for years, with as many as 500 persons estimated recently as participating at one time in the variety of gambling activities, including lottery. A deputy sheriff often has been reported on the premises. The most casual observation of this place, located just off Jefferson Highway, by any passing law-enforcement officer, should be the basis for suspicion and investigation, in view of the hundreds of automobiles parked under the overpass, and jamming the streets and highways.

It Was All on TV

Still the Metropolitan Crime Commission sparked no action. All that happened was that the Beverly Club reopened. Elaborate redecoration of the long-closed casino proceeded smoothly throughout the spring of 1959, despite the McClellan Committee furor. "Dandy Phil" Kastel still retained his interest in the club; Carlos Marcello was active in directing the renovation. Kastel proclaimed that the Beverly would be just an innocent little old "supper club," but the Metropolitan Crime Commission, recalling that Kastel and Marcello had always specialized in rackets more remunerative than supper clubs, snorted in disdain and suspicion.

In the midst of this highly charged local atmosphere, the television-viewing public of New Orleans was

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treated to one of the most frank and hard-boiled expressions of the credo of the mob that has ever been put on the air. On July 14, 1959, Peter Hand, a New Orleans bookmaker and politician, faced a panel of local newsmen on WYES-TV, and, mincing no words, spelled out the bald facts of life. Hand, who made no secret of his bookmaking past and his close affiliation with the slot-machine empire of Costello and Kastel, had served for eight years in the Louisiana Legislature and had been a close friend and supporter of Governor Earl Long since 1927. Having viewed rackets and politics from both sides of the fence, he qualified as an expert on all counts, and he bluntly put his dual experience on the record.

"Expense Money"

The fireworks began early when Hand was asked about a recent statement in which Governor Long had implied that perhaps a few of the legislators were taking bribes. Hand said he thought the Governor had given the legislators "a break" by saying only a few.

> They give it the name of "expense money" [*he said*], but I think 98 per cent of them will take this so-called "expense money" or whatever you want to call it. If you're not an attorney, it's a bribe. If you are an attorney, it's "expense money" or something of that sort.
>
> *Q.* Were you paid or given "expense money" to be for or against some legislation?
>
> *A.* Absolutely, lots of times.
>
> *Q.* Did you account for it?
>
> *A.* Yes, sir.
>
> *Q.* Then that is the thing to do, that is correct — it is not wrong to take it; it's wrong not to —
>
> *A.* — pay federal income tax on it.
>
> *Q.* Mr. Hand, if I as a citizen want to have certain legislation passed, how do I go about approaching a member of the legislature in a way which would best assure passage of a bill?
>
> *A.* Well, get yourself one that — well, get someone who knows the legislators, and, if he's a good man and got pretty good connections up there, he's going to tell you right off the bat, "Now this is going to cost you something, because you know these boys up here has got to live," and from then on you and him get together. . . .
>
> *Q.* How much would you say as a mimimum it would cost to get a bill through?
>
> *A.* Well, it depends upon how large the bill is, and for what big concern and things like that. It may cost you from $500 up.
>
> *Q.* You make it sound as though — you said 98 per cent of them take this, as you put it, "expense money." Don't you feel that we have any honest legislators at all up there, Mr. Hand?
>
> *A.* As far as I'm concerned, it's very few. I didn't come across — against any of them, and I served for eight years up there.

The questioning switched to Hand's bookmaking activities. He said quite calmly that he had been a bookmaker for years. But, asked the newsmen, wasn't this illegal?

> *A.* Yes, sir, but you get around that point in certain ways by taking care of certain people.
>
> *Q.* What do you mean, "certain people"?
>
> *A.* Well, the law for one, and such things as that. You make a political donation at the proper time and you go on and everything is all right. Nobody will be bothered.
>
> *Q.* Is it possible to operate a handbook or an illegal gambling game without the consent of the authorities?
>
> *A.* Absolutely not.
>
> *Q.* How long could you stay in business —
>
> *A.* About twenty minutes. You see, today the juke-box operators sent word down the line to all the saloon keepers to "buy a federal stamp and you will not be molested by the police," so that shows collusion between the City Hall and the gamblers.
>
> *Q.* Do you believe the saying, "Every man has his price"?
>
> *A.* Absolutely. Everybody has a little larceny, grand or petty. You will find out when you get as old as I am.

Hand was asked about angry trumpetings the State Police Superintendent was making that he was going to "close everything down tight." The veteran bookmaker-politician scoffed. "You will see," he predicted, "around the 1st of September Jefferson Parish will be open. You see, when a man's governor, he closes them up now and then, and then a little later he sends somebody among the boys and tells them 'reopen.' You will see — in six weeks from now Jefferson will be operating."

He was asked about how widespread gambling was in the New Orleans area, where it was concentrated.

> *A.* Mostly again in Jefferson, most of your gambling is in Jefferson.
>
> *Q.* Why is that?
>
> *A.* Looks like they got the best "fix" up there.
>
> *Q.* When you say "the best fix," these words sort of startle me, and I am sure they must startle —
>
> *A.* It don't seem like the Sheriff can find anything wrong out there.
>
> *Q.* Do you think he is searching?
>
> *A.* No, I don't think.

Justified Cynicism

The accuracy of Peter Hand's hard-boiled knowledge was indicated by the manner in which his out-on-the-limb prediction about gambling in Jefferson Parish came true on schedule. On January 13, 1960, Aaron Kohn sent this telegram to Earl Long, then still Governor of Louisiana:

> Current renewal of gambling casino operations at the Beverly Club, Jefferson Highway and Labarre Road, Jefferson Parish, is another flagrant evidence of tolerated organized crime in this area. We urge that the executive powers of your office be invoked through the State Police to promptly suppress the continuing and expanded disdain for state laws by racketeers and law enforcement officers in Jefferson Parish. Details of value to the State Police are available at the Crime Commission office.

Once more this offer to help the law to find and see what every independent investigator and reporter had been so easily able to find and see went unheeded. Nothing drastic happened to the rackets in Jefferson Parish. In an election this year, Sheriff Coci was defeated; but as of August, 1960, according to Kohn, "The conditions which were spotlighted by the Kefauver Committee in January, 1951, remain substantially unsolved." The commission director, reviewing his long and persistent effort "to bring about integrity in

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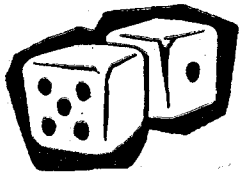
law enforcement against organized gambling," added:

> Some progress is achieved by forcing state, parish and municipal officials to retreat from defensive position to defensive position, but they have not yet turned around and made that major lawful assault upon the gambling racketeers which is authorized under the police powers, and which is the only effective governmental means of stopping the flow of illicit wealth into the coffers of such criminals.

Perhaps no more caustic comment could be made on the extent of corruption in modern America. When even the most strenuous efforts of dedicated crime commissions can produce from officials on every level from local to state only "retreat from defensive position to defensive position," nothing more need be said about the dominance of the rackets — about the almost impregnable grip they have fastened on our political system.



CHAPTER LAS VEGAS: GOLDEN PARADISE

WHEN A FAT, waddling gunman bounced a bullet off the skull of Frank Costello about 11 P.M., May 2, 1957, the nation was treated to an inadvertent glimpse of the real facts of life as they exist in Las Vegas, Nevada's monument to human folly, where all the gambling is legal — and supposedly pure.

The shooting of Costello occurred as he entered the lobby of his New York apartment house at 115 Central Park West. The bullet that ploughed a bloody furrow behind his right ear and across the side of his skull served staccato notice that Costello had been deposed as czar of the New York underworld and opened a window on what goes on behind the façade of legality in Nevada.

When Costello was rushed off to a hospital to get his dented head repaired, New York detectives seized the opportunity to go through the contents of his jacket pocket. They found some $800 in cash and a cryptic note dealing with amounts so huge they would have fitted right into a page of New York City's annual $2 billion budget. "Gross Casino Win as of 4-26-57 . . . $651,284," the note read. This total amount was broken down. "Casino win less markers [that is, I.O.U.s] . . . $434,695. Slot wins $62,844 . . . markers $153,745."

Also recorded on the note were payments: Mike $150 a week, totaling $600; Jake $100 a week, $400; "L — $30,000, H. — $9,000." The note bore the handwriting of two persons.

New York authorities asked Costello to explain what these figures meant, and Costello pantomimed amazement that such a weird item could ever have found its way into his pocket. He intimated that he had no idea. Taken before a grand jury, he said most politely and regretfully that he would just have to claim the privilege of the Fifth Amendment. Even without the cooperation of the dethroned czar of crime, however, New York detectives soon established that the note in Costello's pocket represented an accounting on an underworld investment in one of the newest and gaudiest of the multimillion-dollar hotels and casinos to decorate Las Vegas' famous Strip.

The plush Tropicana Hotel had just been opened in Las Vegas. Two of the major stockholders were Chicagoans noted for their political influence, Louis J. Lederer and Charles (Babe) Baron. Baron had headed a Chicago automobile agency, and Lederer had been the secretary of his company. In Las Vegas, Lederer was listed as holding $180,000 worth of Tropicana stock, Baron $120,000; but in the background of the Tropicana, from the days of the first blueprint, had lurked the shadowy figure of "Dandy Phil" Kastel—he who had been the slot-machine partner of Frank Costello and the partner of Costello and Meyer Lansky and Carlos Marcello in New Orleans' Beverly Club. The Nevada Gaming Control Board had refused to license the Tropicana with Kastel in the picture, and so Kastel obligingly had faded a few steps further into the background.

An operating company was formed, called Conquistador Inc. Kastel signed an agreement with it, relinquishing his interest in the Tropicana. But Conquistador Inc. was not exactly a free, unfettered agent; it owed Kastel $320,000, plus other thousands incurred for extra expenses during the hotel's construction, and it was obligated to pay off Kastel at a rate of $40,000 a year. Thus, when the hotel opened on April 3, 1957, with Lederer and Kel Houssels, Sr., in charge of its gambling casino, the Kastel-Costello interest was still there, although a little bit better hidden in the murky background of intricate finance.

Legal Racket

Such was the situation when, on May 2, Costello had to go and get himself shot. In the aftermath of that shooting, authorities compared the note found in his pocket with the gambling returns reported by the gaudy new Tropicana and discovered that the two matched, item for item. For the Tropicana, in the first twenty-four days of its operation, had reported a gross gambling take of exactly $651,284 — not bad for one month's business.

Interestingly enough, the Nevada Gaming Control Board subsequently established that one portion of the note found in Costello's pocket had been written by Michael J. Tanico, a former Tropicana cashier who had been employed previously by Phil Kastel in the Beverly Club. Other portions of the note had been written by Lederer himself; and significantly, it would seem, Lederer, whose personal penmanship had found its way into Frank Costello's

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pocket, was also connected with another big gambling venture in Las Vegas — that in the Fremont Hotel. So transparent were the links between the most powerful forces in the American underworld and the "legal" gambling that flourishes in Nevada.

Great reams of bilge have been written about what fine characters Nevada's gamblers are and the high plane on which its legal racket is run. But the sinister truth is that Nevada's legalization of gambling was one of the greatest boons ever bestowed on the American underworld by a grateful government; the instant the mob discovered what a legal and lovely oasis Nevada had made of itself — the only one of its kind in the nation — the masters of syndicate crime in New York and Detroit and Chicago and Cleveland moved in. They carved themselves juicy slices of this luscious legal melon, and ever since they've been feeding (often through innocent-looking fronts) on the gambling millions that Nevada makes respectable.

Beginnings of Buggsy

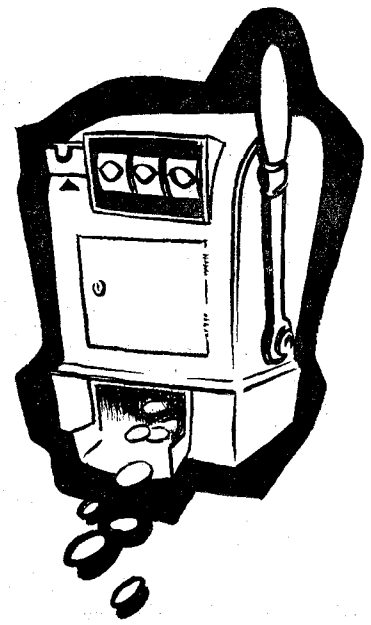
The discoverer of the underworld gold mine in the desert was Benjamin (Buggsy) Siegel, co-boss with Meyer Lansky in Prohibition days of New York's infamous "Bug and Meyer mob of executioners." In the late 1930s, the "Bug" was sent West as the agent of the New York and Chicago syndicates to organize California crime and bring it under the wing of the national cartel. He began by shaking down movie stars and movie magnates for hundreds of thousands of dollars; he grabbed control of movie unions, then expanded his organization to set up the syndicate's racing wire service in California. Two of California's most notorious hoods of recent years, Jack Dragna and Mickey Cohen, became his chief lieutenants. It was during the war over the establishment of the supremacy of the Capone mob's wire service that Buggsy Siegel moved into Arizona and Nevada as the agent of the syndicate and found waiting for him, on the empty desert outside Las Vegas, a golden opportunity.

Gambling had been legalized in Nevada in 1931, but it had been run on a relatively local, small-time basis. Buggsy, who knew all the arts and the rewards of big casinos from his long association with Meyer Lansky, Joe Adonis and Frank Costello in the East, took a long hard look around him in 1942 and decided that Nevada was an untapped treasure chest. There the mob could do what it had been doing for years — and do it legally. First, Buggsy bought into the Golden Nugget and the Frontier Club, two of Las Vegas' busier joints; but such financial adventure only whetted his appetite. A grandiose vision came to him. He would build a fabulous hotel, dedicated to fabulous gambling, right on the three-mile Strip that separates McCarran Airport from Las Vegas. He would call it the Flamingo.

Buggsy's Millions

Del Webb, later to become co-owner of the mighty New York Yankees, perennial champions of the baseball world, was the contractor entrusted with the task of turning Buggsy Siegel's gaudy, pink-colored dream into reality. So vaulting was Buggsy's vision of the size and appointments of his incredible palace of chance that construction costs ate through even his racket-inflated bankroll faster than boll weevils in a cotton patch. Into the bottomless maw of the Flamingo, Buggsy poured more than $1 million of his own money, and at least $5 million of other people's. There is little doubt that a healthy hunk of that extra $5 million came from his top-level associates in the syndicate in Chicago and New York.

An anecdote related by a man who served in an advisory capacity to Buggsy during the erection of the Flamingo speaks volumes about the far-spread racket taint in the cash that built the extravagant hotel. Construction was far along, many millions had been poured into the project, and still the end was not in sight. Regretfully, the adviser broke the hard news to Buggsy: more money would be needed, thousands of dollars more. Buggsy nodded casually, like a man who has just been told by his wife that he



better get his shirts from the cleaners, and departed on one of his periodic trips to the East.

After an absence of several days, he returned lugging two heavy satchels. Striding into the office of his astonished agent, he grunted with the effort as he swung up first one satchel, then the other, and plunked his burdens down on the office desk.

"What's this?" the astonished adviser asked.

"Money," said Buggsy. "You said we needed more. Here it is. Let me know if it's not enough."

The satchels were bulging with $400,000 in cash that Buggsy had picked up on his journey. And so the Flamingo was built.

Buggsy didn't live long to enjoy it. Power went to his head, and he began to act too much like an emperor in his private satrapy in the West. The evidence seems to indicate that his brother crime czars were not too pleased at the way he had poured their millions into the bottomless pit of the Flamingo, and their disenchantment with Buggsy's business acumen was further sharpened when the defiant "Bug" proclaimed that he intended to keep all the racket revenues of the West, including that of the race-wire service, strictly for himself. The veto to his decision was delivered in authoritative fashion on the evening of June 20, 1947, when gangland gunners executed Buggsy as he sprawled

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on a living-room couch in front of a picture window in the Beverly Hills love nest he had set up for his syndicate glamour girl, Virginia Hill.

The Desert Blooms

The abrupt departure of Buggsy was little more than a minor interlude in the saga of Las Vegas. The pioneer had departed, but the mob moguls to whom he had shown the way remained. And they moved into "The Strip" in massive phalanx, determined to make the arid desert sprout a lush and perennially rewarding green.

In early 1950 a powerful Cleveland underworld syndicate plunged a $4 million bankroll into the development of a new Las Vegas casino. In that same year Lester (Benny) Binnion, long considered the rackets king of Dallas, defied the efforts of Texas to extradite him from the comfortable niche he had carved in Las Vegas' legal paradise, to face charges of running a policy racket. At the same time, Mert Wertheimer and his associates in the Detroit mob were extending their grip on a whole string of hotels and gambling casinos in Reno, Nevada's capital of divorce and secondary citadel of chance. The greed of the Wertheimer interests, who were in partnership at the same time with the Adonis-Lansky-Costello combine in big-time gambling in Florida, kicked up a headline storm. U. S. Senator J. William Fulbright exposed the fact that the Reconstruction Finance Corporation had made a $975,000 loan to a Reno hotel in which the major revenue was derived from a gambling casino operated by Lou Wertheimer, the brother of Mert. Both Fulbright and Senator Paul H. Douglas (D., Ill.) attacked this partnership of the federal government with the mob through the medium of an RFC loan that was helping to finance a gambling palace in Reno.

The tempest lived its brief life and quickly expired. And the mob continued to expand its control over legal gambling in Nevada. Close associates of the late Abner (Longie) Zwillman, the powerful New Jersey rackets boss long associated with Adonis and Costello, were dominant figures in a prominent gambling casino in Reno. Jack Dragna, who had inherited the California rackets from Buggsy Siegel and had earned himself the dread title of "the Capone of Los Angeles," established his own toehold, operating behind important fronts in both Reno and Las Vegas.

The picture that all this conjures up is quite at variance with the industriously purveyed one of Nevada's success in running a pure and legitimate racket. But, the truth is that, up until 1955, Nevada made little effort to keep out the mob. True, it did screen applicants for licenses to run its gambling parlors, but the screens it used in the process were of the decidedly large-mesh variety. For example, peccadillos like bootlegging convictions and gambling convictions in a man's past did not count. Nevada didn't consider these real crimes. Officials explained that, since Nevada considered gambling a legitimate enterprise, it could hardly discriminate against gentlemen who might have acquired police records yards long by plying this trade in less enlightened states. The result was that the gambling associates of Tony Accardo and Frank Costello and other emperors of the American underworld had little trouble establishing themselves in Nevada, just so long as they had had the good sense to keep themselves a few steps removed from any direct connection with such offenses as narcotics peddling and murder. Even Nevada frowns upon those.

"Clean" Gamblers

The tests applied to the investors who turned Las Vegas' three-mile stretch of desert into the hotel-spangled Strip of today, as can easily be seen, were hardly so stern as to guarantee the highest morality. Beginning in 1955, the Nevada Gaming Control Board did attempt to apply more strict standards in passing upon gambling applicants, but it still met with indifferent success — as demonstrated by the graphic incident of the Tropicana gambling report that found its way into Costello's pocket. By this time, the gangsters were firmly entrenched. They already had millions invested, and while more strict regulations might keep some new gangsters out, they could hardly banish those who were already in, whose money had in effect been accepted and legitimatized. The result, as Lester Velie reported in *Reader's Digest* in October, 1959, is an intricacy of mob investment, known in Las Vegas as "the hidden interests," that is enough to make "the investigator's head swim."

Velie attempted to trace some of these ties. He pointed out that, after Siegel's rub-out, one of Buggsy's associates, Gus Greenbaum, continued to run the Flamingo. Later Greenbaum moved to the new Riviera Hotel and, like Buggsy, he began to get grandiose visions. He wanted to set aside $2 million to expand the Riviera. Apparently, somebody objected; in December, 1958, Greenbaum and his wife were found trussed up and butchered, their throats most efficiently slashed, in their home in Phoenix, Arizona.

The Mob Bought In

Even more significant have been the underworld ties that have shown from time to time in such places as the Desert Inn, probably the most famous of the Strip's gambling palaces. Run ostensibly by a flamboyant showman and greeter named Wilbur Clark, the place became known as Wilbur Clark's Desert Inn, but for years, down to a shift in stock ownership in late 1959, at least, it was really the mob's. According to Velie, "The list of licenses . . . read like a page out of a U.S. Senate investigation of the Cleveland underworld." Identical shares totaling 40 per cent of the stock were held by Moe Dalitz, one-time bootlegger and gambling figure in Cleveland; his partner, Maurice Kleinman, who had served a three-year term for income-tax evasion; and Sam Tucker, another ex-bootlegger and gambler. The same combine had also moved in and acquired 66 per cent of the stock of the Stardust Hotel and casino, advertised as "the world's largest resort hotel." The Stardust had been founded by Tony Stralla, a Los Angeles gangster, and its casino manager (and holder of a 5 per cent stock interest

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under the Dalitz-Kleinman-Tucker combine) was none other than John Drew, long denounced by Virgil Peterson in Chicago as the right-hand man of Tony Accardo in the flourishing operations in Cook County.

Such ties are enough to show the dominance that the American underworld early gained and still maintains in legal gambling in Nevada. Anyone who has the slightest knowledge of the ruthless ways of gangdom can hardly retain any illusions about the purity with which it operates behind the façade of legality that Nevada has so thoughtfully erected for it. "A crook is a crook is a crook" — always. And the ugly skeleton of the American rackets shows plainly through the pretense, as flimsy as Marlene Dietrich's show-stopping dress, that Nevada has built around its multi-million-dollar gambling.

Tax Dodge

Persistent reports maintain that one of Las Vegas' greatest appeals lies in the opportunity it offers to finagle with the nation's internal revenue law. A variety of sources maintains that this is a street paved with double opportunity. Knowledgeable persons in Hollywood insist that one of Las Vegas' most persuasive allures, aside from the bounteously endowed show girls that attract Bing Crosby's sons, is to be found in the possibility its gambling offers for tax-free income. The fantastic prices paid by hotels along the Strip for the best Hollywood and New York entertainment talent have been widely ballyhooed. Yet actually, according to Hollywood sources, headline entertainers are sometimes willing to play Las Vegas for considerably less than they might otherwise demand and get because they are being slipped "under the table" a bundle of cash, ostensibly gambling winnings — extra money that it is easy to forget to report and extremely difficult for Internal Revenue to trace.

There are, if persistent scuttlebutt is to be believed, many variations on this theme. One important function of Las Vegas reputedly lies in the legitimatizing of mob dough. A favorite contention of every major gangster over the years, even before Kefauver, always has been that he made his money, not out of the rackets, but by his exceptional good fortune at the races or the roulette wheel. Las Vegas is the ideal medium to give such pretensions an aura of veracity. An underworld figure with "hot" money and the proper contacts simply slips a bundle of cash to the accommodating management of a gang-dominated casino, and that evening, surprise of surprises, the gentleman has a phenominal streak of luck at the gaming tables. In the presence of pop-eyed tourists and popping flashbulbs, his cash is all passed back to him, and with this hard evidence of his amazing good fortune to prove his point, the happy racketeer reports his "hot" money as gambling money, pays the necessary tax on the bundle — and enjoys the rest at his leisure.

Such deals can only be worked, of course, if the bookkeeping of some of the mob's favorite enterprises is less than perfect. But then who ever heard of a gangster with a passion for a completely honest first set of books? The strong suspicion exists — and there are valid, highly reliable grounds on which to base it — that the river of gold flowing from the slot machines and gambling halls of Las Vegas is a far stronger torrent than is officially reported.

Incomplete Returns

The accounts of the gambling casinos are a law unto themselves. The figures they report become the official figures. There is virtually no way of telling whether they report all, much or little. Taking their own word for it, Internal Revenue knows only that the annual gross take of the varied gambling enterprises of Nevada is reported at nearly $200 million, with about 20 per cent of this coming from slot machines. While $200 million is a lot of money, it does not seem to be an extravagant haul when one considers that an estimated 7 million tourists annually plunge some $3 billion into the capacious maws of its one-armed bandits and the greedy "drop-boxes" under the card, dice and roulette tables. Internal Revenue men suspect that much more than the reported $200 million sticks to the fingers of the operators. But they have no way of determining how much more, because none except the most trusted employees of the gambling houses is permitted in the counting rooms when the daily figures are tallied.

The beauty of gambling, the feature that makes it such an ideal sport for the mob, is that it is a hard-cash business. Hard cash leaves no tracks and is difficult to trace, and for this reason big-time mobsters, who shudder at such crude devices as savings and checking accounts, are always found rolling in it. Scratch one at almost any time, and you'll find, as the law has on many occasions, that he is carrying around anywhere from $1,000 to $3,000 in pocket money. For men with such a propensity for the big roll, Las Vegas is Mecca.

Racket Within a Racket

One can see just what a Mecca it is once one appreciates just how the casinos' gambling cash is handled. When a customer hands a "box man" at a dice table a $10 bill to buy chips or silver dollars, the "box man" drops the ten-spot through a slot in the table into a locked "drop-box" beneath. Into this box also go slips known as "fill slips" which indicate how much money has been brought to the table from the house's cashier cage during a working shift, normally eight hours. At the end of the shift, the "drop-box" is taken, still locked, from gaming table to accounting room. There it is unlocked and its contents counted. By subtracting the "fill slips" from the total, the house's gross win from the particular table is obtained. This system of locked "drop-boxes" and sequestered accounting is obviously ideal for finagling; almost any amount can be "knocked off the top" before the final figures are compiled, and hardly anyone will be the wiser.

> One big casino operator is reported to take $10,000 off the top daily [Lester Velie wrote in his *Reader's Digest* article]. This is a fantastic figure — it would come to more than $3 million

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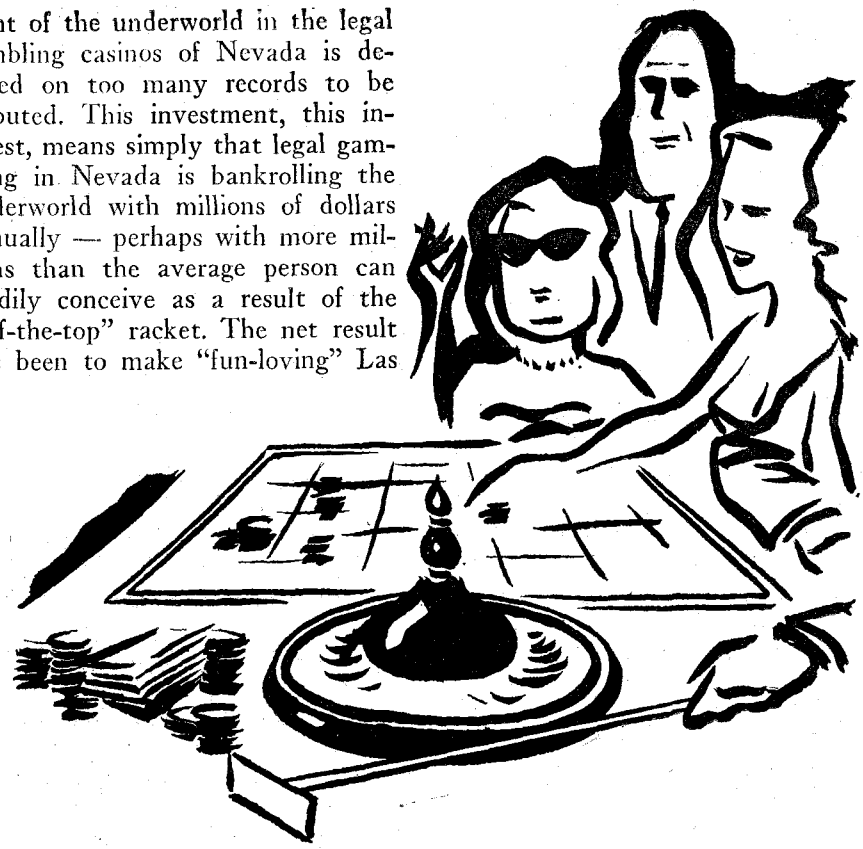
yearly — but Las Vegas is a fantastic place.

A method of knocking money off the top at counting time was described by a casino auditor who got into a hassle with his employers. The auditor testified in a bankruptcy proceeding that the former owners of a casino knocked so much off the top that the gambling place paid no taxes for the five years he was employed there. A former cashier in the place, now in the Internal Revenue Service, stated in a deposition in a lawsuit that when money from the gaming tables was counted, substantial sums were taken out and put in envelopes in the casino's vault. Weekly, there would arrive from Los Angeles a brother-in-law of one of the casino owners. He would come in at night, pick up the envelopes and make for Los Angeles.

Nice, Untaxed Item

Such testimony seems to document the existence of a skimming-off-the-top racket in the gambling casinos of Nevada. How much this deft thievery totals each year is a matter of conjecture. A little calculation, however, shows that an enormous waterfall of unreported cash could be poured into the coffers of the underworld by such a system. It is not extravagant, indeed it is conservative, to estimate that the gross wins of a casino from slot machines (which rarely take less than 40 per cent, usually take 80 and can be gimmicked to take 100) and all the other various forms of gambling should amount to at least 20 per cent of the total play. If the estimate that $3 billion is wagered annually in Nevada is approximately correct, the effect of such calculation is literally staggering. It means that the gross take from Nevada's casinos would be closer to $600 million than to the $200 million that is reported. This is certainly not an inconsequential item to be slipping untaxed through the fingers of Uncle Sam each year, nor an inconsequential sum to be devoted to the bankrolling of other and more nefarious activities of the American underworld.

The picture that emerges, then, is a decidedly unlovely one. Nevada by legalizing gambling has given the powers of the American underworld a haven. The tremendous investment of the underworld in the legal gambling casinos of Nevada is detailed on too many records to be disputed. This investment, this interest, means simply that legal gambling in Nevada is bankrolling the underworld with millions of dollars annually — perhaps with more millions than the average person can readily conceive as a result of the "off-the-top" racket. The net result has been to make "fun-loving" Las Vegas virtually the capital of American crime.



The control that is exercised from Las Vegas, the ties that link Nevada's capital of legal gambling with illegal activities throughout the rest of the United States, have been exposed in many ways, at many different times and in many places. Let's look at a few examples.

Nation-wide Tentacles

In the fall of 1957, federal agents raided a huge syndicate "layoff" headquarters that had set up shop in Terre Haute, Indiana. A federal grand jury sitting in Indianapolis subsequently heard testimony from 170 persons coming from forty states — a graphic indication of the tentacles that stretched out from Terre Haute and covered most of the nation. Federal accountants determined that in three months of operations the "layoff" headquarters had accepted $3,363,152 in bets. Eight top operators were subsequently indicted and convicted. It was hardly by chance, in an operation so huge, that they divided neatly into groupings that, by their very identity, demonstrated the amalgamation of mob interests. Two were representatives of the Chicago mob, one was from Detroit, three were local Indiana contacts, and the last two were from Las Vegas.

Other federal investigations time and again have pinpointed Las Vegas as a center of important mob influence. As the New York City policy investigation indicated, the real masterminds of the racket pull directional wires from remote headquarters in Miami and Nevada. As Joseph Manners told the New York State investigation, the checkup phone calls to Biloxi and Covington to see how the "layoff" business is flourishing, come from Las Vegas, a clear indication certainly that top-level mob control is centered there. The same fact seems to have been demonstrated in another and more graphic way by one of the early discoveries by Milton Wessel's rackets-busting team. Shortly after Wessel's Special Group was formed, a group of its agents in Florida stopped a courier who was returning from a Caribbean jaunt with an innocent-looking suitcase. The courier was none other than Jake Lansky, and the suitcase, on examination, turned out to be not so innocent. It was, in fact, as crammed as Buggsy Siegel's

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two satchels had been during the building of the Flamingo. It contained $200,000 in cash, the profits of the syndicate's gambling ventures in the lush new casinos in Havana, and an additional $50,000 worth of checks. Though there was no way of determining the intended destination of Lansky's cash, there could be no doubt about the checks. They had all been made out to a Florida agent who represents Las Vegas interests.

Such are the ties that show. They are there to be viewed by anybody who takes the trouble to look behind the publicity puffs put out by the glamour mills along Las Vegas' Strip. It is perhaps a sad commentary on America today that facts hardly ever can contend on even terms with publicity puffs, and hence the myth of Nevada's untarnished

success with "pure" legal gambling has been widely disseminated and accepted across the nation. So beguiling has the myth become that the temptation has been, not to shun the experience of Las Vegas, but to emulate it.

Action in Hot Springs

Currently one of the hotbeds of imitation exists in Hot Springs, Arkansas. Gambling technically is as illegal in Arkansas as it is in the rest of the nation, but the gambling casinos of Hot Springs run as wide open as they do in Las Vegas. This curious anomaly is very simply explained: Arkansas acknowledges that it has simply decided that law should not be enforced. Police Chief John H. Emery in Hot Springs makes no secret of the fact that he hasn't made a gambling arrest in twenty-four years. Both the District Attorney and the Governor have explained that, though the law says there shouldn't be gambling, the people in Hot Springs favor it—and so the law be damned. Under this weird legalization of illegal practice, the gambling casinos of Hot Springs clanged at feverish tempo during the 1959 season and reportedly gobbled up a cool $100 million from the gambling public.

Hot Springs, like Las Vegas, insists that it is keeping the sport pure, but the evidence at the moment is insufficient to establish just how pure is pure. Local authorities contend that the only gambling they permit is run by local experts; that they have been vigilant and successful in keeping out the big-mob, big-syndicate taint. The evidence on whether they have or have not is at the moment inconclusive. The most prominent name to be mentioned in connection with the Hot Springs casinos so far is that of Owney Madden, the old dock czar from New York and a noted underworld power in the early days of Prohibition; but Madden went West so many years ago and has been established in Hot Springs for so long that apparently he is considered virtually a native. Of more serious import than the presence of Madden was an effort by Carlos Marcello to muscle into the Hot Springs picture.

In early 1959, Marcello dispatched a couple of field agents from New Orleans to scout the prospects in Hot Springs. Arkansas authorities proudly reported that they had served the interlopers with an ultimatum to get out of town. This fierce edict of the law was promptly obeyed, they said, and that was that. Or so Hot Springs likes to think.

It Failed Elsewhere

If Arkansas succeeds in turning multi-million-dollar gambling into an innocent little pastime, immune to the clutches of the mob, it will have accomplished a feat of legerdemain that has escaped even Las Vegas. The record of Las Vegas, the experience of other states where the same experiment has been tried, would seem to say that it simply can't be done. Wyoming and Idaho are two states that, dazzled for a time by Nevada's much-propagandized example, experimented with legalized gambling. In Idaho, where slot machines ran for some years under local option, a major scandal developed when it was found that local collectors were stealing a sizable chunk of the collections. In the light of such disastrous experiences, both Wyoming and Idaho turned their backs on legal gambling.

All Gambling Corrupts

This seems to speak eloquently of their decision seems clear when one looks at the other side, the darker and little-publicized side, of the Nevada experience.

This seems to speak eloquently of a simple truth—that nothing corrupts faster than easy money and that no money is easier, faster, more corruptive than gambling money. It is perhaps no coincidence that Reno had a major police scandal this year. Seven policemen were suspended, and six signed confessions, admitting that they had been active in a burglary ring responsible for the looting of ten business establishments. It is certainly no coincidence that both Reno and Las Vegas have had to maintain exceptionally large and costly police forces for their size, a marshaling of uniformed power that in itself attests to the difficulty of maintaining order in a gambling society, in an atmosphere of easy virtue where all distinctions become blurred. How successful even such law-enforcement phalanxes are in the battle for orderliness becomes dubious in the light of crime statistics. Over a span of years the FBI has not listed Las Vegas crime figures in its annual report, but its breakdown on Reno is quite illuminating. Reno consistently leads the nation in per capita crimes. In some years, Reno has had more homicides than many cities four times as large. Usually it has, too, more cases of burglary, robbery and assault in proportion to its population than any other city in the country. And, though this figure fluctuates, there have been years when the Nevada suicide rate was more than double that of the rest of the United States.

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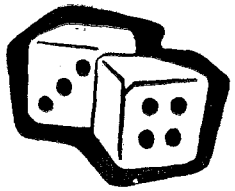
CHAPTER 

GAMBLING AS A RACKET

"ANY SOCIETY that bases its financial structure on the weaknesses of its people doesn't deserve to survive."

This was the comment of Police Chief Parker of Los Angeles on New York City's proposal to legalize bookmaking. In this one blunt, cogent sentence the Los Angeles Chief expressed the essence of the whole issue of gambling as a major means of revenue to support the structure of modern government.

Discussing New York's proposal to extend the sanction of the law from the track to the bookie's parlor, Chief Parker argued that the legalization of off-track betting would attract additional underworld elements, would lead to more vice and corruption; that the legalization of bookmaking would serve only to increase the area of temptation for weak characters, some of whom might even plead as an excuse for their weakness that they were patriotically helping to defray the costs of government!

The implications of such arguments are far-reaching. Carried to their inescapable conclusion, what they say is simply this — that all betting is bad and corruptive; that even the steps already taken to legalize pari-mutuels at the track — and the dependence of state governments upon the millions of dollars of revenue derived from them — represents a weakening of the fiber of democratic society. This is a view that is hardly ever expressed; pari-mutuels are accepted as an established fact of modern life, and the ethical question of whether their influence has been good or evil is one that is not even considered. But perhaps it should be, for there is considerable evidence to indicate that the legalization of pari-mutuels represented a greater boon to the mob than Prohibition.

A little historical perspective is necessary. Gambling in America has run in cycles. Waves of addiction have resulted in such excesses that waves of reform have followed. The strict anti-gambling laws of most states are not, as the propaganda of the gambling interests would have us believe, the product of puritanical prudery, but rather the result of disastrous prior experience with the evils of gambling in all its varied forms. In horse racing, the legalization of on-track betting through the installation of the pari-mutuel system came in most states in the depression-ridden thirties. It represented, in effect, the reversal of decisions taken by prior generations disgusted with the excesses that had followed in gambling's train. But the new system was sold to the public on the basis of its mechanical purity, on the theory that it would eliminate the bookmakers who infested many tracks, on the grounds that it would produce easy and important revenue for the financially hard-pressed states. Pari-mutuels were pictured as a mechanical antidote to the gambling rackets; a comparison was drawn between the puritanical strictures imposed by a highly unpopular Prohibition law and the strictures on gambling; and in the wave of revulsion against the folly of liquor legislation, in the financial crisis and propaganda pressures of the times, state after state yielded to the arguments of the racing interests and the great wave of modern gambling was born.

Boon to the Mob

It has not been sufficiently realized what a boon this was to the mob. Prohibition, which had poured incredible millions into the treasuries of gangdom — Prohibition, which had given the cheapest thugs of the underworld millionaires' status and had enabled them to organize the affairs of crime on a syndicate basis, with trade agreements similar to those that fix prices in the steel and drug industries — was expiring. With its death, the underworld desperately needed a replacement racket; and it was gangdom's good fortune that, just at this delicate moment, under the pressures of financial crisis and propaganda, the states began to legalize pari-mutuels, to expand the number of operating tracks, to give vast stimulus to the betting urge. What happened was inevitable — and yet unexpected. Betting at the tracks fostered betting off the tracks, and gambling mushroomed quickly into a multi-billion-dollar business, far more remunerative to the underworld, incredible as this seems, than Prohibition had ever been.

Massachussetts Hearings

The Massachusetts Crime Commission summarized this development in these words:

> There has doubtless been in this country from time immemorial professional activity in the taking and making of bets on horse races. The true bookmaker or gambler on horse racing is to be found throughout our literature. But the rise of this activity to the status of business is recent. It is significant that the Massachusetts Commission of 1933 gave it no attention. The operation of licensed pari-mutuel tracks in this area began in 1935. The Commission dates from that time the beginning and growth in Massachusetts of the huge business under consideration. This business, here and throughout the country, is based, as this report will show, on opportunity provided by publicly accepted pari-mutuel racing. It is of interest that the golden stream from unlawful liquor supply cut off by Prohibition repeal in 1933 was shortly replaced by a stream rising from the legalized pari-mutuel source. Legislatures in licensing honest, pari-mutuel betting doubtless did not contemplate that, as professionals have told the Commission as an axiom, every one who bets at the track will, given the chance, bet away from the track....

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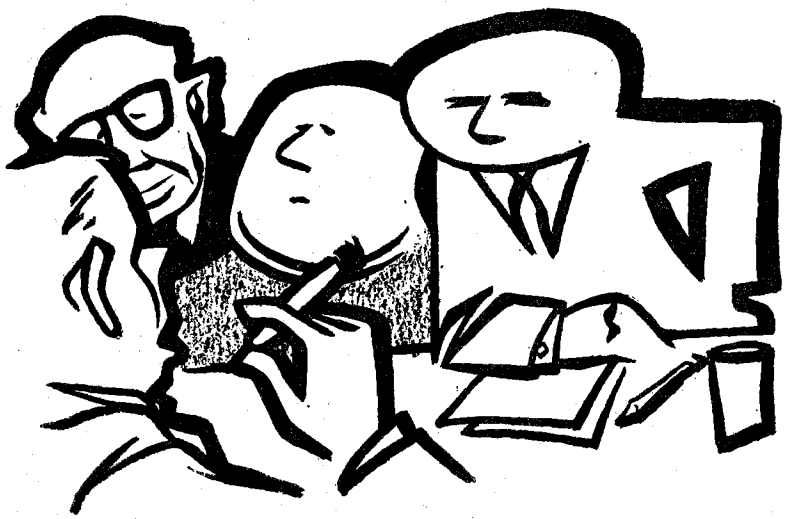
> Bookies interviewed by the Commission have represented all levels in the business. They have had no disposition to be helpful, but they have made some helpful disclosures. As above stated, it is their rule of thumb that he who will bet at the track will bet away from the track. All agree that the business is a year-round business, but it is better when the New England tracks are operating than when the play is based only on tracks in California, Florida, Maryland or elsewhere. They agree that the local season (235 calendar days in 1955, with, due to overlapping schedules, 278 racing days at licensed pari-mutuel horse tracks) is a continuous period of good business. They agree that the amount bet on horses away from licensed tracks is far bigger than that bet at the windows....

Links to Illegality

Such findings clearly indicate the close relationship between legal pari-mutuel betting and the illegal bookmaking that bankrolls the underworld. It is almost startling to discover that the Massachusetts Crime Commission found that bookmaking, the most important racket of the underworld today, did not even exist as a crime problem worthy of mention in 1933, two years before pari-mutuels were legalized. It is significant, too, that the Massachusetts commission discovered a close relationship between local racing and bookmaking activity. This is a clear indication, again, of the stimulus that pari-mutuels operating at nearby tracks give to illegal "action," and it helps to explain the tremendous growth of bookmaking across the nation since pari-mutuels have led to the founding of many new tracks and the opening up of betting activity in areas where it previously had not existed.

The very fact that gambling on the races has mushroomed on such a scale and become virtually an accepted element of everyday life has led to a wide variety of arguments suggesting that it must and should spread more. The Massachusetts commission exposed many of these winsome jades of logic for the frauds they are. It pointed out, for example, that we are often told gambling is a human instinct, a basic drive of man impossible to control by legislation. Actually, it is no such thing; it is an acquired habit, and nothing shows this more clearly than the manner in which it was stimulated and grew in Massachusetts under the opening wedge of the pari-mutuel system.

How often we have been told: "There always has and always will be gambling, and it is no more wrong to bet outside than inside the fence at a track." But, as the Massachusetts commission pointed out, operators of race tracks do at least maintain large and costly plants, they maintain a payroll, they keep horses in hay, they provide a service that does offer some valid elements of pleasure that comes from participating in the excitement and drama of a race in open air and fine surroundings. By contrast, the bookie provides nothing; he is a parasite feeding on the weakness of others, giving no useful social service to anyone, satisfying nothing but his own greed. As the Massachusetts commission said bluntly, "There has not always been gambling with organized racketeers on a scale which amounts to a state of lawlessness in an entire society and there need not be."



Making the Choice

Because the public is hardly ever presented with this picture, the entire drive today seems to be toward the future expansion, the further legalization of gambling. But the Massachusetts commission, having exposed the windfall that the underworld has reaped under the stimulus of pari-mutuels, asked not illogically where our society expects to draw the line. If bookmaking is legalized, how much bookmaking should be legalized? Just the 42 per cent that represents horse-race bookmaking? What about the other 58 per cent that comes from baseball, football, basketball and other sports betting? What about dog races? What about numbers? If it becomes legal to make off-track bets on the horses, is it not inevitable that this sanction will be used (as the legalization of pari-mutuels has been used) to justify every kind of betting activity that can be conjured up by the mind of man? As the commission wrote: "If legalizing of off-track betting on horses or dogs or any other form of the gambling product is meant, the advocates must give serious thought not only to the problems arising from opening wider the gates to legalized gambling, but to controlling organized illegal gambling in a more 'wide-open' community."

What emerges is the fact that the American public is confronted today with two clear-cut alternatives, though it is usually told in effect that it has no choice, that it can go in only one direction. It must insist on greater probity in public office, on strict enforcement of current laws which are rooted not in prejudice, but in the disastrous experience of the past; or it must resign itself to throwing the doors wide open to every kind of gambling and becoming a society of parasites.

Our official spokesmen, of course,

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usually do not admit that we have this choice, and certainly they never, never couch it in such unlovely terms. They much prefer to take the position that a little further legalization of the racket is inevitable and, besides, it will solve beautifully all our taxation problems. The mayors of New York for the past ten years have persisted in articulating this viewpoint. Former Mayor William O'Dwyer first suggested legalization of bookmaking, and Mayor Wagner's $2 billion-a-year city administration has hugged the proposal to its breast and advocated it with greater ardency.

The present Wagner administration, by its own estimates, has pleaded guilty to the sin of permitting a $5 billion-a-year illegal bookmaking operation to flourish right under the nose of the largest police department in the nation; it has pleaded in effect that it is helpless to curb this lawlessness, that the only thing that can be done is to yield to human "instinct," join the bookies and get the revenue. In its proposal this past winter, it even went to the extent of suggesting that, if off-track bookmaking were legalized, a credit system should be installed so that even gambling addicts who didn't have cash in pocket at the moment could be encouraged to bet against their futures.

'Shocking, Immoral'

This suggestion did provoke a storm of criticism. Charles W. Tuttle, former United States Attorney and now chairman of the executive committee of the Protestant Council of New York, said "no such wholesale betting extravaganza" was ever contemplated in the State Constitution when pari-mutuels were approved. Ashley T. Cole, chairman of the State Racing Commission, called the proposal "impractical" and expressed the justifiable fear it would create such evils that, in the end, it might threaten the whole sport of racing. One of the strongest statements ever delivered on this issue, however, was that made by Governor Thomas E. Dewey ten years ago in a message to the New York Legislature denouncing Mayor O'Dwyer's original proposal.

Dewey called the plan to legalize off-track betting "shocking, immoral and indecent." He continued:

> It is fundamentally immoral to encourage the belief by the people as a whole in gambling as a source of family income. It would be immoral for government to make available to all of its people a state-wide gambling apparatus with the implied assumption that the gains of chance were a fair substitute for or supplement to the honorable business of producing the goods and services by which the people of the nation live.
>
> It would be an indecent thing for government to finance itself so largely out of the weaknesses of the people which it had deliberately encouraged that a large share of its revenue would come from gambling.
>
> I recognize that the state and some municipalities now receive a comparatively small revenue from pari-mutuel betting at the tracks. I have always had personal doubts about the wisdom or the morality of this system, but it is confined to those who are actually able to be present at the track and therefore is not a lure dangled before all people in all walks of life and near every home.

Dewey added that, if off-track betting were legalized, "there would be no logic at all" in refusing to legalize every other type of gambling under the sun. "There is no logical place at which the line could be drawn and law enforcement would then break down completely," he wrote.

He stressed that personal tragedy, scandal and corruption had always attended widespread gambling. He pointed out that Florida in 1935 legalized slot machines, but that "it took only two years for the crime and corruption which followed to cause the state to reverse itself"; that crime and corruption in Idaho had caused "such revulsion" that legalized gambling had been repealed; that Montana had legalized slot machines, punchboards and other devices and that "before long racketeers moved in and used the law to run open gambling, even displaying signs saying 'public invited.'" He concluded:

> The entire history of legalized gambling in this country and abroad shows that it has brought nothing but poverty, crime and corruption, demoralization of moral and ethical standards, and ultimately a lower living standard and misery for all the people.

Growth of Gambling

His statement finds ample support in the historical experience of America. Originally, lotteries were the favorite American form of gambling. The Virginia Colony, in the early years of its existence, was financed largely by the proceeds of lotteries run in London by the Virginia Company under a grant from the Crown. The first lottery was highly successful, its successors less so. Before long, tradesmen were complaining that the gambling fever had demoralized business and industry. Abuses grew. One of the managers was accused of embezzling 7,000 to 8,000 pounds and then bribing an auditor to conceal his theft. In the end, the lottery franchise was repealed.

In colonial days, lotteries were a favorite means of raising revenue for worth-while projects — to build bridges, roads, town halls, schools. Harvard, Yale, Columbia and other early universities were financed in their first years partly by proceeds from lotteries. But the lure of cheap money, "something for nothing," was then, as now, deeply corruptive.

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Rackets began to flourish. Lottery tickets were counterfeited and sold by the thousands to a deceived public; professional operators wormed their way into the management of legal lotteries and filched their funds; business protested that the gambling fever siphoned off money that should be spent by the people for their legitimate needs and injured all trade.

Following the Revolution, many states discovered that only greedy professional promoters seemed to be deriving any real benefit from the lotteries. In 1819 the New York Legislature conducted a probe and found defalcations in three lottery offices amounting to $109,144.99. The investigating committee reported it felt

"the system is so radically vicious" that it could not be controlled by legislation. A Pennsylvania committee discovered similar abuses, came to the same conclusion and urged that "this blot" be wiped away and lotteries never again used in Pennsylvania as a method of finance. By 1833 virtually all lotteries throughout the United States had been abolished.

The post-Civil War era saw a revival of the lottery gambit. Several states, especially in the war-racked and ruined South, legalized lotteries as a means of raising revenue for worth-while purposes. Once more the cycle of abuse, scandal, corruption, reform began. In this second round of unfortunate experience, Louisiana became the most glaring example of the vices of legal gambling. The Louisiana Lottery Company was given a charter effective January 1, 1869, to run for twenty-five years. The company was exempt from taxation. It operated under a charity façade, pledged to contribute $40,000 annually to the New Orleans Charity Hospital. Its history and the tremendous influence for evil it exerted in Louisiana were described by Virgil Peterson in testimony before a committee of the Canadian Parliament in 1955 in these words:

> The Louisiana Lottery Company soon learned that although officials of the state government might be ignorant, they were highly expensive. Legislators not only had to be bought, it was necessary to make them stay bought. According to affidavits executed by two of the incorporators, at least $300,000 was paid in bribes by the lottery company during the first seven years of its existence.... It is well known that for about twenty years it virtually controlled Louisiana politically. Governors, United States Senators, judges owed their positions to the influence of the lottery company.... In the state election of 1892, the lottery served as the sole issue in the contest for governor. Louisiana — perhaps less than other states — could not be charged as being a center of puritanism, but the people, knowing the bad experience they had, went to the polls and outlawed the lottery.

Assorted Lotteries

Such was the record of legal lotteries. Illegal lotteries, hardly likely to be conducted with greater probity, continue to be a favorite American form of gambling. Most widespread of the common garden variety is the "Treasury balance" lottery in which the winning number is determined by the last digits of the published U.S. Treasury balance for the day. In addition, there are lotteries for special events like the World Series and for individual social and fraternal organizations. Some lotteries are confined largely to individual industries. The Massachusetts Crime Commission found that special lotteries flourished in the newspaper plants of Boston, as they still do in New York. Some of the lotteries represent gambling adventures of considerable size. In New York today there are weekly $1,000, $2,000 and $5,000 lotteries; a $10,000 lottery with a drawing once a month and a $20,000 lottery with a drawing every two months. The largest lotteries are not confined to any particular trade, but involve the sale of tickets to the public at neighborhood bars and corner newsstands and, significantly perhaps, they are simple drawings in which the players have no check, as they have in the "Treasury balance" lottery, on the number announced as the winner.

The Irish Sweepstakes

All of these lotteries, however, are penny ante games compared to the one huge lottery that flourishes today from coast to coast—the Irish Sweepstakes, run off three times a year and based on the winner of horse races in England. The Irish Sweeps have become so popular in America and Canada because, if by some remote chance one wins, it means a fortune of $140,000, less taxes. The odds against one's ever winning, of course, are astronomical. They have been calculated at something like 450,000 to 1, but some nine million Americans of all classes, undeterred, annually invest in $3 Sweepstakes tickets, many of them three times a year.

Why do they do it? It is perhaps a commentary on our times that the popularity of the Irish Sweeps is based, in part at least, upon the same psychology that has made the numbers racket the favorite gamble of the slums. Just as the slum dweller hopes to hit "the numbers" for a little pot of gold that will tranplant him from the squalor in which he lives to better surroundings, so do many white-collar workers in reasonably well-paying jobs look to the Irish Sweeps as perhaps the only chance they have (however minute that chance may be) to escape from the drudgery and deadly routine in which their office lives are molded. They figure that the loss of $3 three times a year is not going to impoverish them, and if lightning ever strikes, they'll be liberated. As one inveterate and typical Sweeps player remarks: "What else have we got to hope for?"

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Nurtured by such sentiments and flaunting a holy aura of charity, the Irish Sweeps have captured the fancy of gambling America as has no other gimmick designed to separate the sucker from his dollar. Professional gamblers hail it as a masterpiece of enterprise, and U.S. Postal inspectors, baffled in their efforts to enforce the law, call it "the greatest 'bleeding heart' racket in the world." Americans generally, however, associate the Irish Sweeps with charity, never with rackets, and until this year the great lottery has run without a single caustic glance being cast in its direction. Yet there are some decidedly peculiar angles to this promotion, as the California Attorney General's office made clear in a special report in February, 1960.

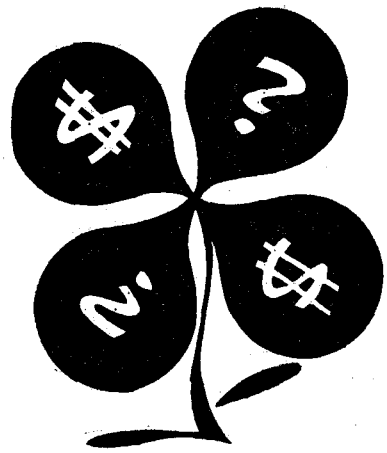
Once one's critical faculty has been aroused, one is struck forcibly by a glaring omission in the accounts that the Sweeps themselves furnish of their activities. The gap is simply this: nowhere in their published reports do the Sweeps ever spell out the bite that the promoters take out of the colossal millions flowing in from all over the world. In fact, in the Sweeps' own rendering of finances, the promoters disappear like the little men who were never there, and it is made to appear that the huge Irish Sweepstakes pot is divided 75 per cent in cash prizes returned to the winners, 25 per cent to the hospitals of Ireland.

The only breakdown the public is given shows that, in its thirty years of operation, the Irish Sweeps have raised some $500 million. Of this amount, some $350 million have been distributed in prizes; the rest has gone to hospitals and the Red Cross. But these figures tell only part of the story—the part that comes after all promotional "expenses" have been charged off. Just what comes "off the top" before the hospitals of Ireland get theirs is something for which, quite literally, there is no official accounting. Noel C. Browne, Irish Minister of Health, who has personally supervised the distribution of some £30 million to the hospitals and feels quite proud of the Sweepstakes, nevertheless concedes:

> I am not aware of any accounts which show the amounts collected in the different countries in which the Sweep tickets are sold. The Government makes no attempt to supervise the day-to-day running activities of the Hospital Trust [the promotional outfit]. I am not aware of any figures which would show details of expenditures by the Board in its promotional activities, particularly in those countries where the sale of tickets is against the law.

Inside the Sweeps

The phenomenal extent and success of the Sweepstakes promotion aroused the curosity of California Attorney General Stanley Mosk, who in late 1959 tried to determine how much the great lottery takes out of his state and how it succeeds in functioning, illegal as it is, on such an all-encompassing scale. Examining bank drafts sent to Ireland from just one bank, the Bank of America, he found that this activity steps up sharply just before the closing date for the Irish Sweeps. In September, 1959, for example, £26,158 sterling and



$115,087.36 were sent to Ireland. A spot check showed that a heavy percentage of these remittances were made by Sweepstakes ticket sellers, and Mosk felt convinced that "on an annual basis the take in California dollars runs into the millions."

Trying to solve the *modus operandi* of the Sweeps, the Attorney General uncovered an intricate system. Ticket sellers, he found, were engaged "in socially accepted occupations with this as their only illegal activity." A few of the sellers at one time lived in Ireland, or have relatives there now, but most had begun as purchasers of tickets, had then decided to become sellers and had written to Ireland to get on the mailing list for ticket books. The manner in which the books are mailed to the sellers, and in which they in turn mail their ticket stubs to Ireland and get back official receipts, represents an extremely intricate mail-smuggling operation, conducted with the kind of finesse that seems to attest to its being highly organized.

Ticket sellers get their books through the mail in unmarked envelopes about three months before the running of each race. "Interestingly enough," the California Attorney General reported, "these envelopes are postmarked in the United States. They never come from Ireland. The most frequent postmarks encountered were those of New York and New Jersey. However, a considerable amount is mailed here in California. All of the sellers with whom we talked denied having knowledge of the person who mailed the tickets to them. . . ."

In returning the ticket stubs, the sellers mail them to a wide variety of private addresses in Ireland (each to a special name and address contained on a slip of paper inserted with his book of tickets)—never to the promoters, the Hospital Trust. Three to five weeks after he has mailed his money and stubs, the seller gets back from Ireland, in a plain envelope with no return address, receipts to be distributed to ticket purchasers, assuring them that they have not been sold counterfeit chances on the great 450,000-to-1 gamble.

> We do not know what percentage of the money obtained in this promotion actually goes to charity, nor with what result [*Attorney General Mosk wrote*]. We do not know the income derived from this enterprise by the promoters, but it is reasonable to assume that it would be substantial in an operation as vast as this is. If any accounting is made to the public on the operation of the Sweepstakes, or the charity itself, we are unaware of it. Certainly an accounting would be expected from a genuinely charitable venture.

Plainly implicit in these findings is the suggestion that the fine hand of the American rackets has become involved in the extremely complicated Sweepstakes operation which, it would seem, could be conducted

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so successfully, on such a scale, only with the kind of high-level organization and masterminding that American gangdom seems equipped to provide. The concentration of ticket mailings in the New York-New Jersey area, long the hub of the most heavily bankrolled and the most skillfully organized gambling syndicate in the nation, seems especially striking and significant.

Once again, if the suspicions of the California Attorney General are as justified as they appear to be, one sees underlined a glaring truth that has been expressed many times and in many ways—that it is almost impossible, given the present public attitude and the current procedures in law enforcement, to keep the hand of the racketeer out of the fast-flowing stream of quick and easy money. As long as a complaisant American public sees no harm in a little betting and is beguiled by a lot of industriously purveyed myths, the racketeers of the American underworld will continue the rule of muscle and murder and pay-off that has made them superior to the law.

Bettors Are Suckers

Perhaps nothing has helped their ascendancy more than the fakery that gambling is a human impulse that harms no one, that it is even good for society because it pays taxes if it is legalized and, in resort areas, "It brings people to town and is good for business." The frauds in this line of thought are many. Actually, there is quite abundant evidence that all gambling is bad, the legal almost as much so as the illegal which it helps to foster. There is even a fraud in the connotation we attach to the term itself, for the word "gamble" seems to suggest that the player has a sporting chance.

Philip G. Fox, a professor at the University of Wisconsin, has conducted over a period of years elaborate studies that show the regular bettor can end up just one way—losing all. "No one who bets regularly on horses or other sports with bookies, or bucks the house percentage in craps, roulette or slot machines, has the slightest chance of winning in the long run," Professor Fox wrote in a *Saturday Evening Post* article. "The longer he plays, the more startling are the odds against him. . . . I am discussing only games of chance where the odds are fixed before the action begins—though it might be clearer to say the odds are stacked against the player; he is up against percentages which make it impossible for him to win."

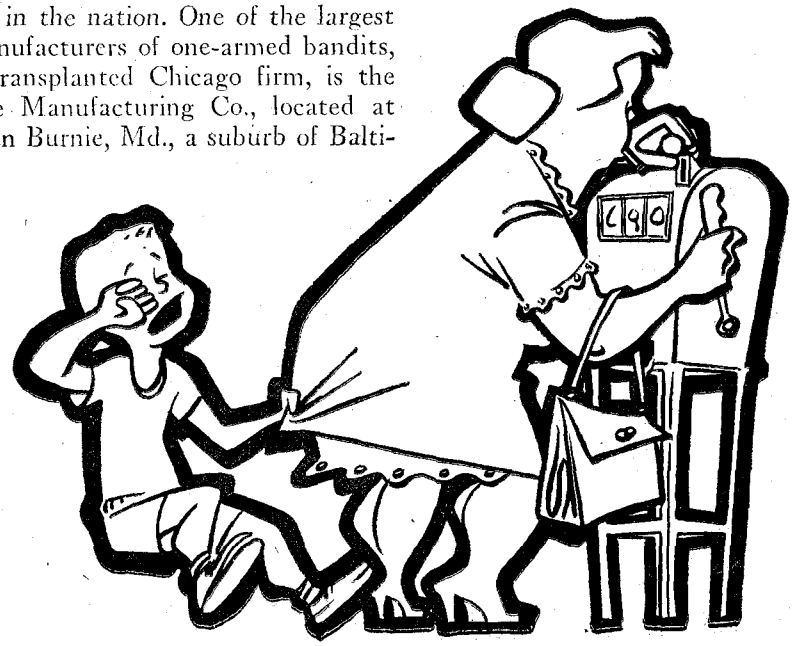
Even if you consistently played the favorites in horse races, you would wind up losing. True, Professor Fox found, about 35 per cent of the favorites win, but they usually pay so little they do not overcome the losses on the 65 per cent that fail and the bettor invariably is taken to the cleaners. Other gambling rackets are even worse. Football pools are almost outright larceny, with the mathematical edge favoring the syndicates by a whopping 53 to 92 per cent. Equally horrendous is the beating a player takes on the slot machines. The mechanism of the slots can be fixed, and is fixed, to establish a definite percentage of payout. This may be as little as 15 per cent, with 85 per cent remaining for the house. Or if the house is really dishonest—a fine distinction in this larcenous business—its machines can be rigged to keep 100 per cent, to give out nothing. Hence, most appropriately, their title of "one-armed bandits."

Though it is not perhaps generally realized, Maryland is now one of the major centers of slot-machine activity in the nation. One of the largest manufacturers of one-armed bandits, a transplanted Chicago firm, is the Ace Manufacturing Co., located at Glen Burnie, Md., a suburb of Baltimore. The firm maintains an assembly plant in Reno and produces 80 to 90 per cent of the slot machines used there; it is also the only legal supplier of machines in four counties of southern Maryland, where legalized slots do a $12 million-a-year business. Maryland machines, according to Arthur D. Laurance, president of Ace, are set at the factory to pay out 80 to 85 per cent; the usual payout in Nevada is said to be higher, around 90 per cent. However, the personal experience of players, almost uniformly tragic, would seem to indicate that few machines treat their patrons so generously.

"Of course, we can't control the percentage after a machine leaves the factory," Laurance admits, with a smile. "As a machine gets older it tends to tighten up and decrease the payout."

Or perhaps someone does a little tightening up of the mechanism.

A survey by the Washington *Post*, this year gave a vivid picture of the slot-machine gambling frenzy in Charles County, Maryland. Here garish, neon-lighted roadside gambling houses cluster along a twenty-mile strip of road from Waldorf, Md., to the Potomac River Bridge. Some of the larger houses display batteries of more than one hundred slots, and the clang of dropping coins and pulling levers goes on all night. Women seem to be the most fanatic patrons



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of the slots. Fistfuls of coins in hand, they stand before the gimmicked monsters for hours, their hoard of coins vanishing as if dropped into quicksand. One District of Columbia couple told Thomas R. Kendrick, the *Post* reporter, that they played the quarter machines about three nights a week, at a loss of about $20 a night. At 2 A.M. Kendrick found one stocky farm woman still standing before a slot into which she had been pouring coins for five hours. Her five-year-old son tugged at her skirts wanting to go home, but she paid him no attention. One man who said he'd poured $50 into a machine, and so "it's ready," cashed a check for $10, played that too—and found it wasn't. A local electrician turned away broke; he had, he said, fed eighty silver dollars into a slot machine in twenty minutes.

Economic Losses

This is hardly the picture of a healthy society. Whether gambling is legal or illegal, it breeds an addiction as destructive of personality, as ruinous to family life, as addiction to liquor or narcotics. It is no coincidence that Alcoholics Anonymous now has its counterpart in Gamblers Anonymous. The need for such an organization is in itself expressive of the illness. There is, as Chief Parker said, no justification for a society that encourages such a disease and "bases its financial structure on the weaknesses of its people."

There not only is no justification, but even when considered from the narrowest and most mercenary standpoint, there is no sense. Can anyone doubt that the American economy would receive a vital shot in the arm if the present $9 billion pocketed annually by the gambling underworld were invested, as most of it otherwise would be, in the purchase of useful goods and services? Even legal on-track betting and legal slot-machine gambling foster crime and deplete the pool of dollars that are left for productive businesses. In Los Angeles, some years ago, veteran policemen contended that the city had about one-tenth the number of bookies, gamblers, confidence men, prostitutes, dope peddlers, touts and gunmen before Santa Anita opened that it had afterwards. They maintained that even legitimate race tracks, ethically operated, attracted a periphery of riffraff, the inevitable by-product of a something-for-nothing business. At the same time the general manager of one of Los Angeles' largest department stores reported that receipt of bad checks doubles during racing season, that absenteeism increases, that time payments fall off as much as 30 per cent. These complaints from Los Angeles can be matched item for item in my own state of New Jersey, where merchants maintain they can tell almost to the day the opening date of a racing meet by the nose dive their businesses take.

Extension of the legalization of gambling means only an extension of these debilitating forces. David Hume, a former trial attorney for the Department of Justice and a resident of Charles County, Maryland, has calculated (*The Nation*, Feb. 13, 1960) that the legalization of slot machines has cost his home county literally millions of dollars in normal, healthy growth. Hume recognizes that slot-machine revenue did mean $399,190 to Charles County in 1958, that this did keep the tax rate to $1.35 compared to a $2 state average and $2.48 in nearby Montgomery County. But he argues that Charles County is as close to Washington as Montgomery, that it has even finer natural advantages, that it should be an ideal residential section for the sprawling capital. As a result of its marriage to gambling,

however, the honky-tonk rather than the suburb has become its symbol. It lacks the high-class developments, the well-manicured estates, the expansive golf courses such as President Eisenhower's own Burning Tree that give neighboring Montgomery County its distinction. Hume argues with every appearance of logic that, to get the benefit of approximately $400,000 in gambling revenue, the 30,000 residents of Charles County have sacrificed more than $32 million in reduced land values.

Florida's Reaction

A similar view has been expressed by Governor LeRoy Collins, of Florida. Traditionally, Florida has been a wide-open state. For years, during the winter, it was the Southern home of the nation's most eminent racketeers and the hub of gambling syndicates; it supported some of the nation's most flourishing bookmaking and numbers operations; and its illegal casino gambling ran at a multimillion-dollar tempo, virtually with official sanction. Discussing the widely prevalent attitude of the state in a *Saturday Evening Post* article in 1956, Governor Collins said:

> There was an attitude in our state for a long time that, to attract the tourists who contribute so vitally to our economy, we had to give them the opportunity to "live dangerously" and squander their money recklessly.... "Gambling," some people maintained, "is entertainment, and tourists ought to have the chance to gamble if they want to."

Collins didn't believe that. He felt that tourists who had been suckered out of their last available dollar by some of the professional sharpies that infested the state would go home

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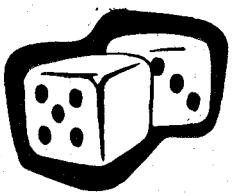
with a bad taste in their mouths and no love for Florida. "More than that, a city which condoned gambling exposed its people to the influence of big-time racketeers, and it seemed to me that the moral welfare of our citizens, present and future, was more important than the money the gambling-minded tourists brought in," he wrote.

Laws were passed outlawing slot machines, anti-bookie statutes were strengthened. Nobody pretends that Florida suddenly became purified overnight, but the difference that these changes wrought soon became noticeable.

> These actions did not hurt our economy [*Governor Collins declared*]. In fact, the opposite was true. Daytona Beach showed clearly what effect a gambling crackdown would have on the tourist trade. The year after Daytona Beach closed down gambling it did a much better tourist business than ever before, and it has improved consistently, attracting the kind of people who came as friends, not overnight fortune hunters.

These words clearly put the issue. Either we are to become a solid society, a solid and principled nation, or we are to become a nation of "overnight fortune hunters" with all the rackets and evil and corruption that way of life inevitably entails.

CHAPTER  WHERE DO WE GO?

THE unlovely picture of a nation corrupted on every level by the billions placed in the hands of the underworld by illegal gambling has been described in these pages. Corruption is like that ancient sin of man, adultery; there is no such thing as a little of it, and once police and politicians dine at the table of bribery, all distinctions become lost and every type of crime is fostered and condoned. Joseph Manners put it this way in his testimony before the New York Crime Commission:

> Seldom do police or other public officials accept a bribe in murder or rape cases. Rarely have whole governments been tainted by corruption arising out of crimes of violence. Yet, once corrupted in areas of commercial illegality, the corrupt official must continue his illegal operations with the Syndicate even when it engages in most vicious underworld violence, such as gang murders or beatings of defaulted debtors.

The climate that has been created in this nation is undeniable. We have pretended for years to ignore it. Politicians in the hustings mouth all the appropriate sentiments of morality and virtue with a bland hypocrisy that usually deceives the best people because, being the kind of people that they are, they find it hard to credit the extent of the existing evil. But at almost any given moment in recent years, a spot check would find cities from coast to coast shaken with erupting (and often only half revealed) scandals. United Press International, the Hearst-Scripps-Howard news service, made such a survey in early February of this year. It found:

¶ In Chicago, Police Commissioner Timothy J. O'Connor had resigned and his entire department had been shaken to its foundation by a cops-and-robbers scandal in which seventeen policemen had been arrested for committing banditry in uniform. At the same time, the Cook County grand jury had indicted forty traffic court officials, including three judges and the chief clerk, after newspapers had disclosed that thousands of dollars in traffic fines were being filched before they reached the city treasury.

¶ In New York City, probes were under way into bribe scandals that permitted the public to be gouged in the prices of meat and fuel oil, and Manhattan Borough President Hulan Jack was awaiting trial on charges that he had permitted a big real-estate developer and prospective Title I slum-clearance sponsor to redecorate his apartment. (Jack got a hung jury, and nothing much happened in the other scandals which city officials themselves had proclaimed were very nasty and very big.)

¶ In Dover, Ohio, the Mayor was indicted on charges of taking $1,500 in bribes from gamblers.

¶ In Columbus, Ohio, seven policemen were accused of burglary and fencing stolen goods.

¶ In Detroit, an investigation was being reopened into charges that policemen were taking pay-offs, ranging from $20 a month for a patrolman to $100 monthly for lieutenants, to permit a kingpin gambler to operate in the city's "Greektown."

¶ In Charlotte, N. C., the City Council probed a scandal in Recorder's Court after it was discovered that more than sixty guns seized from the lawless had vanished and that some forty others had been "signed out." (The New York Police Department had been rocked by a similar scandal in 1959 when it was discovered that guns and other valuables being held as evidence in the Police Property Clerk's Office had been stolen and disposed of by crooked cops.)

¶ In Everett, Wash., a grand jury indicted the Sheriff on neglect-of-duty charges for "knowingly permitting houses of prostitution to operate."

And in addition to all this, before another month had passed, Richmond was being rocked by the cops-graft scandal in which scores of its policemen were brought before a grand jury; Miami was frothing with its Bolita-bribery sensation; Reno was agitated about cops turned robbers; and in Amarillo, Texas, the House General Investigating Committee was censuring a County Judge for official misconduct, unethical practices and association with known criminals.

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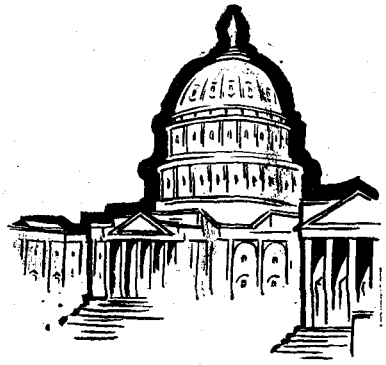
These were just the major incidents of corruption that, by inadvertence or the happenstance of local investigation, burst into the public limelight in the first three months of this year. Indubitably, they speak of the deep rot that today corrodes the heart of the American political system from coast to coast. No one is so naive as to suppose that these were the only existing areas of corruption; they were just those that happened to come to light. Even so, in their scope, they covered the entire broad sweep of the nation from north to south, from east to west; and by their very number and variety, they attested to the far-reaching extent of the corruption that has become the partner of our daily lives. And they are proof in the present of the inevitability of the future — a guarantee that, unless the crime syndicates that dominate so much of the nation can be destroyed at the top, the corruptive power of racket billions will continue to expand.

This prediction is not just gloomy theory. The trend of the past ten



years establishes beyond doubt the direction in which we are moving. In that time the gross gambling play of the underworld, estimated by Kefauver at $20 billion, has grown to an estimated $47 billion; in that time the net annual grab of the underworld has fattened to an estimated $9 billion, with a staggering $4.5 billion funneled into police and political pay-offs; in that time racketeers, denounced and exposed by Kefauver on television and in page-one headlines, have continued to run their rackets unhampered by the law, so brazen in their purchased immunity that they do not even move their headquarters across the street or establish a new front. This was true in upstate New York, in the Accardo gambling dens in Cook County, in the careers of Carlos Marcello and "Dandy Phil" Kastel. When not even a Kefauver exposure, when not even the shock wave of public sentiment it created, when not even capable crime commissions like those in Chicago and New Orleans can stir the law to do its elemental duty, the dominance of the underworld becomes an established fact that is no longer arguable.

What can be done about it? Obviously, only an intensely angry and aroused public opinion can bring the first twinge of conscience to the proprietors of a political system, largely financed by corruption, that has lost all contact with ethics. But if the public is to be aroused, it must also be made aware of its own share of responsibility for the scandal of our times. The $2 bettor who patronizes a bookie is not playing a game of innocent tiddlywinks; he is helping to finance the corruption that makes narcotics peddling and murder possible and that turns policemen, all moral scruples lost, into active burglars. If America can be made sufficiently aware, if it can be sufficiently aroused, the remedy is, if not easy, at least not impossible.

A Federal Job

It is obvious that, large scale as the corruption is on the local level, the derelictions of the law that matter most are the federal. Syndicated crime, highly organized, blithely crossing state lines to send a murder squad from New York to perform an execution in California, is decidedly more than a local enforcement problem; it is a national menace with which only federal agencies, having national jurisdiction, can be adequately equipped to deal. A Tollin operation in Wilmington, the purveying of "the line" from Minneapolis and Chicago, may indeed be operations so finely balanced on the knife-edge of legality that local authorities are frustrated to find an excuse to prosecute; but fitted into the pattern of a national bookmaking conspiracy, it is hard to see how these — or the layoff operations in

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Biloxi and Covington — could long continue to nurture multi-billion-dollar gambling if federal laws were honestly and sincerely enforced.

In this area, one of the major failures (as I wrote in "The FBI" in *The Nation*, October 18, 1958) must be placed at the door of J. Edgar Hoover's much-ballyhooed agency. Hoover, who has been propagandized into an image of super-human proportions, simply has never tackled the big-league American underworld, nor has he shown any real disposition to do so. In fact, in retrospect, some of his interpretations of underworld aims and intentions have been so wide of the mark as to appear almost ridiculous. For example, after the repeal of Prohibition, he proclaimed that the big-time gang moguls were switching to kidnaping as a substitute racket. The furor over kidnaping resulted in the passage of new federal laws, the broadening of the FBI's jurisdiction and numerous well-publicized and successful manhunts. Yet actually, as the record conclusively shows, only the two-bit bums and desperadoes turned kidnapers; the Frank Costellos and Meyer Lanskys of the American underworld were many leagues removed from such stupid, risky and essentially penny-ante crimes. Their real gold mine was the gambling racket —the bookmaking, policy and lottery operations, the huge gambling casinos, that poured billions of dollars into underworld coffers and corrupted officialdom on every level.

Police Chiefs Complain

This is an aspect of the war against crime that has been ignored most persistently by the FBI. Instead of focusing public attention on the menace of big-league crime and corruption, instead of sounding a clarion call to battle, J. Edgar Hoover has persisted in ignoring the big-money rackets of the underworld, and time and again has thrown roadblocks in the way of the formation of any really effective federal crime-fighting unit. The issue came to a head most recently at the convention of the International Association of Police Chiefs, held in Washington, D.C., in early October. Prior to the convention, the association's committee on organized crime had issued a report that said:

> The fact remains that while Organized Crime increases, law enforcement remains "unorganized" insofar as concerted action, effective policies and planned methods to halt this increase are concerned. It is true that there are rare and salutary instances of effective and successful prosecution against the top leaders of the Mafia and Organized Crime, but there is no continuity of a program to achieve similar successes.

The committee gave a clear indication of where its sympathies lay in the final paragraph of its report. It wrote:

> Surely, there is widespread concern among all law-enforcement agencies about the continuing spread and influence of Organized Crime and all recognize that we must do something more than promise to cooperate with each. We need more than passive agreement. There must be aggressive and sustained action. In law enforcement we are accustomed to examining and investigating every proposal for advantages and disadvantages, for the possibilities of success or failure. When we witness a method and a procedure that has been uniquely successful in "bagging the Mafia," in successfully convicting twenty of the country's organized hoodlums, in obtaining eighteen indictments in actions still pending, and providing evidence for sixty-one possible violations to the Justice and Treasury Department and the Internal Revenue Service, it behooves us to give serious consideration to the continuation of such a law-enforcement task force.

This was like waving a red flag before the bull. J. Edgar Hoover came out charging. He made it clear that he stands foursquare for local and state law enforcement. The man who heads the most powerful police agency the nation has ever nurtured —an agency that has compiled dossiers on the lives of writers who express ideas it dislikes—held up his hands in horror at the thought that the formation of a unified agency to fight syndicated crime might turn into a Gestapo depriving all of us of our liberties. He said:

> The persons who endorse these grandiose schemes have lost sight of some very basic facts. America's compact network of state and local law-enforcement agencies traditionally has been the Nation's first line of defense against crime. Nothing could be more dangerous to our democratic ideals than the establishment of an all-powerful police agency on the Federal scene. The truth of these words is clearly demonstrated in the experience of nations ruled by ruthless tyrants both here in the Western Hemisphere and abroad.

The effect of Hoover's stand can hardly be overestimated. The tremendous prestige that is his by virtue of his impeccable halo, thrown into the scales against the formation of any new agency (which would be a rival in the field of glory, perhaps?), visibly dampened the enthusiasm the police chiefs initially had felt for action which would lift law enforcement, as their committee had reported, out of its present "unorganized" state. If Hoover prevails —and he almost always does—he will have bestowed on the underworld the most priceless of gifts, a virtual guarantee that it will not be harassed by relentless, sustained federal prosecution.

Fruits of Inaction

What Hoover plainly is calling for is a continuation of the *status quo*. The fruits of that *status quo* are plain: Hoover himself has been propagandized into a demigod; yet for thirty years the American underworld has been solidifying its grip on our society, and his agency has done precious little to stop it. Except for one slight brush with Al Capone and Hoover's personal acceptance of the eager surrender of Louis (Lepke) Buchalter, the FBI's files are virtually barren of achievement against the dominant figures of the underworld. Indeed, the FBI's annual *Uniform Crime Reports* — literally the bible for the nation in this field — do not even mention gambling offenses or narcotics in its statistical analysis of "seven major crime categories." Car thefts, yes — but syndicated crime, no.

Now Director Hoover, by building up a straw man and knocking the stuffing out of it vigorously, has thrown his impressive weight against any attempt to create a centralized federal agency to battle syndicated crime, seeing in this (but not in his own agency's meddling in the realm

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of ideas) the dangers of a Gestapo. The effect would be indisputable: to leave law enforcement exactly where it is, in its present inefficient "splintered" state; to leave big-league crime exactly where it is, able to freewheel across the continent unhampered by any agency that could pick up and weave together the interstate clues to its misdeeds.

Determined Discouragement

Not only are the clues to the underworld's gambling gold mine patently in the hands of federal law, but so is another vital thread — the billions that are funneled into bribery, the "protection money" that buys the mob its official collaborators. The essence of this is simple. Bribery is one of the most difficult crimes to prove. As gangsters told the Massachusetts State Crime Commission, "We don't invite witnesses to the pay-off." Yet the mountain of cash that is being funneled into the pay-off in America today is too huge to be hidden or conveniently explained. Much of it, almost inevitably from the shady all-cash nature of the business, goes unreported; and, such is the dominance of corrupt politics over the enforcement and judicial machinery of the nation, it remains unreported — and unchecked. An irate federal grand jury in Trenton in 1953 wanted to probe the tax returns of officials who, for ten years, had permitted Joe Adonis, Willie Moretti and Frank Erickson and their ilk to run the greatest crime and gambling syndicate in the East in their private racket haven in Bergen County, New Jersey. The jury estimated that $1 million in taxes had gone unpaid. But its efforts to probe this noisome scandal were blocked by the U. S. Attorney's office, which insisted the jurors could act only on cases prepared and presented to them by Internal Revenue.

This determined discouragement of an obviously aroused and sincere grand jury in itself betrays the sensitivity of the area that the jury wanted to probe. It helps to italicize a cardinal fact: that the power to straighten out this unconscionable national moral mess lies primarily in the hands of federal law.

Yet this is precisely the area in which virtually nothing effective is being done.

A stab in the right direction was made by Attorney General William G. Rogers when he created Milton Wessel's Special Group on Organized Crime. It is shocking to discover that, up until the moment this was done, there was literally no agency in the entire nation to serve as a clearing house of information on syndicated crime. The police chief in Los Angeles might have some details about the activities of one unlovely thug, the police in Detroit might have some other smidgins of information. But there was no way either one could know what the other had; there was no agency that bothered to correlate the details, to fit the pieces together. This is what Wessel calls "the vacuum" that exists as a result of "splintered" law enforcement. It is a horse-and-buggy approach to the streamlined, cross-continental conspiracies of modern gangdom. Wessel went to work to set up a unified crime-fighting task force. He rounded up every scrap of information that could be gathered from every source — from local police departments, state police, district attorneys, crime commissions and such federal agencies as the Immigration Service, the Internal Revenue Service, the FBI, the Alcohol and Tobacco Tax Division and, perhaps most important of all, the Federal Bureau of Narcotics. The activity of his unit made possible deportations, prosecutions for income-tax evasion, and the conviction in a precedent-setting conspiracy trial of twenty Apalachin hoodlums. Yet Wessel's unit was in existence for only twenty-one months. Then it was disbanded. [See "Apalachin: New Light on a Novel Case," by Fred J. Cook, *The Nation*, Feb. 6, 1960.]

Need for Centralization

Wessel himself protests that Rogers and the Justice Department should not be unfairly criticized for what seems a precipitate decapitation of an effective crime-fighting force. He points out that his unit, when it was formed, was designed to be only temporary in nature and

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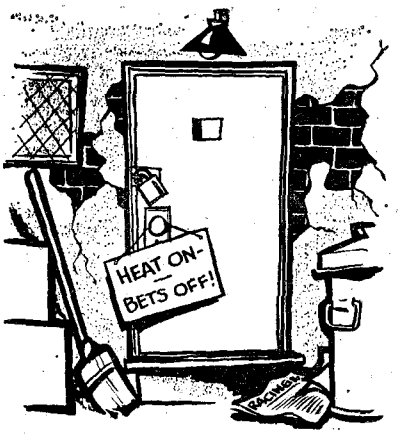
that he himself intended to serve only two years before returning to private law practice. Even after all this has been duly noted, however, certain obvious hard facts remain. If the old system that had operated for the last thirty years — the system under which the Justice Department leaves all the knotty problems of syndicate crime to its criminal division and to the separate jurisdictions of U. S. Attorneys scattered throughout the nation — if this system really had worked, where would have been the need to create Wessel's group in the first place? Since the need patently existed, what possible justification could there be for abolishing the Special Group after it had been given just twenty-one months to correct the failures of thirty years? Whatever the ostensible reason, the effect was indisputable — to return the problem of syndicated crime to the chaos of disjointed jurisdictions under which the syndicates always have run riot.

Scaring the Bookies

A graphic example of the boon this is to the underworld may be found in the report of the Massachusetts State Crime Commission. The commission was amazed to find that, when the federal government passed its gambling tax-stamp law in the aftermath of the Kefauver probe, the bookies of Massachusetts shut up shop in panic. *They remained out of business for a solid six weeks!* And they did not resume operations until they had received certain vital assurances — that the Bureau of Internal Revenue did not have sufficient manpower to police the law and that, as a result, it would rely mainly on local police to report gamblers who had failed to purchase their $50 federal tax stamp. The sequel showed that the gamblers rapidly recovered their aplomb and soon reverted to their customary contempt for the law. The number who bothered even to purchase the federal stamp dwindled steadily year by year until it almost reached the vanishing point. To the Massachusetts commission, all this seemed highly significant. The fact that the entire $2 billion-a-year bookie industry in Massachusetts would close down for six weeks at the first hint of federal action seemed graphically to illustrate what might happen if the federal government ever stirred itself to all-out war on the top-level rackets.

That it has not stirred itself, but has in fact virtually given the rackets its blessing, is demonstrated by the manner in which other and even more important provisions of the federal gambling tax law have been allowed to lapse. The law provided, not just for the registration and purchase of a $50 tax stamp by gamblers, but for the collection of a 10 per cent excise tax on their gross earnings. It also made it unlawful for gamblers to give false statements



about their income and its sources. These were provisions designed to strike the mob in the only place that matters to it, the pocketbook; they were important levers placed in the hands of federal law enforcement. All have been practically abdicated under the present Rogers administration of the Justice Department. Manners, Wessel's former aide, exploded wrathfully in discussing the issue in his testimony before the New York Commission of Investigation. "We don't have, maybe, $25,000 excise tax coming in," he said. "It's a ridiculous sum." Wessel agrees that never did a multi-billion-dollar illicit business escape more lightly. Under the gambling franchise tax law, he explains, the bookies would have to keep accurate records available for audit; they could be jailed for falsification or failure to do so. But federal law enforcement has been almost obstinately blind to opportunity. "The average businessman has to have a record for everything — but not the books," Wessel says.

Suggested Avenues

In the light of this abject failure of federal law, the need of the moment becomes apparent. A unified and determined drive by federal agencies on the major money rackets of the underworld, against top-level racketeers and the official collaborators without whose aid they couldn't exist, as Peter Hand said, "for twenty minutes," becomes imperative. Various avenues of approach have been suggested in recent months. Wessel himself urged that the Justice Department create a permanent Office on Syndicated

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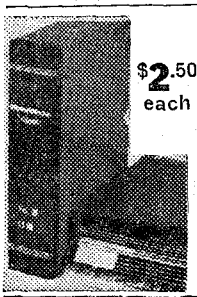
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Crime. He argued that such a unit, dedicated to this one purpose, would serve as a clearing house for information from all over the nation; that it would weld together and give direction and purpose to a campaign to wipe out crime syndicates. Wessel estimated that such a unit could operate efficiently, with about forty lawyers and seventy-five agents, on a budget of less than $1 million a year. His proposal fell into a bottomless void in the Justice Department and was buried without even an echo.

An alternative was suggested in late March by the McClellan Committee of the Senate, which found that crime syndicates were extending their sway across the nation and were threatening to dominate the entire economy through their infiltration of labor unions and business enterprises. The Democratic majority on the committee urged the formation of a National Advisory Commission on Interstate Crime, with power to subpoena witnesses and hold hearings. The commission would be a permanent Kefauver Committee, its purpose to keep constant pressure on the mob, to focus an unremitting spotlight on racket evils, and so to keep dragging out the kind of information that will assist federal agencies to prosecute.

Wessel personally is opposed to the crime commission idea. "It is a basic principle of law to couple the power to investigate to the duty to prosecute," he says. "I am opposed to a simple exposure objective, and especially on a permanent basis. It is open to far too many abuses."

Few persons with any regard for civil liberties will argue with his stand, but it is perhaps not too much to suggest that the time is overdue for another Kefauver Committee to focus renewed attention upon the continued dominance and immunity of the American underworld. Certainly enough has been shown here to demonstrate that the Kefauver exposé of 1950-51 did not accomplish its objective; it did not end the pernicious influence that gangdom exercises, it did not put a period to the mob's multi-million-dollar rackets, its crimes of violence, its corruptive influence. Many of the very racketeers whom Kefauver exposed still ride high and conduct their illegal businesses at the exact sites where they ran them ten years ago. No gesture of complete contempt for the law could be more brazen or more emphatic. To permit this situation to endure is unconscionable. A new inquiry, whipped on by all the fervor Kefauver could give it, is desperately needed.

Purpose of Inquiry

Such an investigation should focus on certain transparently obvious and vital points: on the reasons for the long-continuing immunity of the exposed lawless; on bribery as a major crime in modern American society and on the strengthening of laws and penalties to eliminate it; on the abject failure of federal agencies to utilize the tools they were given by the federal gambling stamp and franchise tax law; on those twilight zones of legality in which flourish such vital interstate services as the furnishing of "the line," the handling of "the layoff," the supplying of fast track results. Even more than this, it is crucial that any such new Congressional inquiry should concern itself with the creation within the federal government of a permanent prosecutorial agency so charged with the specific task of ferreting out syndicated crime that the drive against top-level racketeers cannot again languish the instant the headlines fade. In this connection a new idea advanced by Milton Wessel deserves serious consideration.

Having failed to arouse any en-

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thusiasm for his Office of Syndicated Crime idea, Wessel now makes another proposal that is perhaps the most sensible of all. He suggests that the President appoint a U. S. Attorney-at-Large to take direct charge of the war on syndicated crime. Such an office, Wessel pointed out, would be "a position of stature." It would have the additional advantages of being a permanent entity, directly responsible only to the President and so able to avoid the ham-stringing and throat-cutting that goes on when a subordinate agency is caught in the struggle between contending power cliques in the Justice Department.

Significantly, too, responsibility would be direct and inescapable. In the present shuffle, with various divisions and a gaggle of U. S. Attorneys all sharing in the act, buck-passing becomes an infinite exercise and blame for failure is virtually impossible to fix. Under Wessel's proposal, the prestige of the Presidency itself and of the Dewey-type prosecutor who might be named the U. S. Attorney-at-Large would be laid directly on the line in the battle against syndicated crime. This perhaps is too much to expect, politics being what it is, but it is doubtful if any lesser effort can be very effective in rooting out the tentacles of corruption that have entrenched crime as a major force in our society.

What Is the Gauge?

Either the new Administration the American people are about to choose will throw the resources of the federal government into such a program, or we shall muddle along with the present system of splintered jurisdictions, with its invitations to corruption and its cynical philosophy, which has become almost a national credo, that "every man has his price." Certainly the world we live in today is hardly one to inspire us with pride. Its essence perhaps was captured best in these paragraphs of the Massachusetts State Crime Commission's report:

> Early in its investigation the Commission felt that, with gambling so widespread, it could be that there is a gaming operators' side to the story which it would be important to get for a fair understanding of the problem. Since they showed no disposition to state their case for the record, counsel was authorized to talk completely off the record to them. This found them more talkative, and produced the somewhat surprising fact that they don't make a case for themselves. Their philosophy is very enlightening on the subject of conditions which adversely affect law enforcement and the cures. They are living exponents of the theme that those who work for a living are fools. They admit that money rules them and firmly believe that it rules everyone. They say gambling can't operate without protection. They think it is perfectly all right for police to take money for protection, so long as the protection is delivered as contracted for. They believe that the world operates that way and refer to the purchase of licenses, permits and other such government franchises as illustrations. When confronted with some fundamental propositions, the integrity of the oath of office, they call them "Boy Scout stuff."
>
> Counsel went to lunch one day with one of them who tried to pick up the check. Counsel refused the offer with the remark that while he was with the Crime Commission no one could buy him a cup of coffee. At a later time, the same man asked the Counsel if that remark was meant to imply that a method of payment deferred until after Counsel was no longer with the Commission would be acceptable. The explanation for that misconstruction of an idle remark was in substance a disbelief that anyone would be disinterested in money. It illustrates how deeply imbedded is their philosophy about money; and since they are not fools one must not be a fool either and think that they have no basis for such beliefs.

In this anecdote, in this analysis, is capsuled one of the most vital issues of our time. Either all notions of honor are "Boy Scout stuff" to be adhered to only by fools — or they aren't. Much depends on the resolution of that simple issue. For it should be obvious that no sound and democratic society can long endure if its gauge of merit is to remain the size of the pay-off.

THE END

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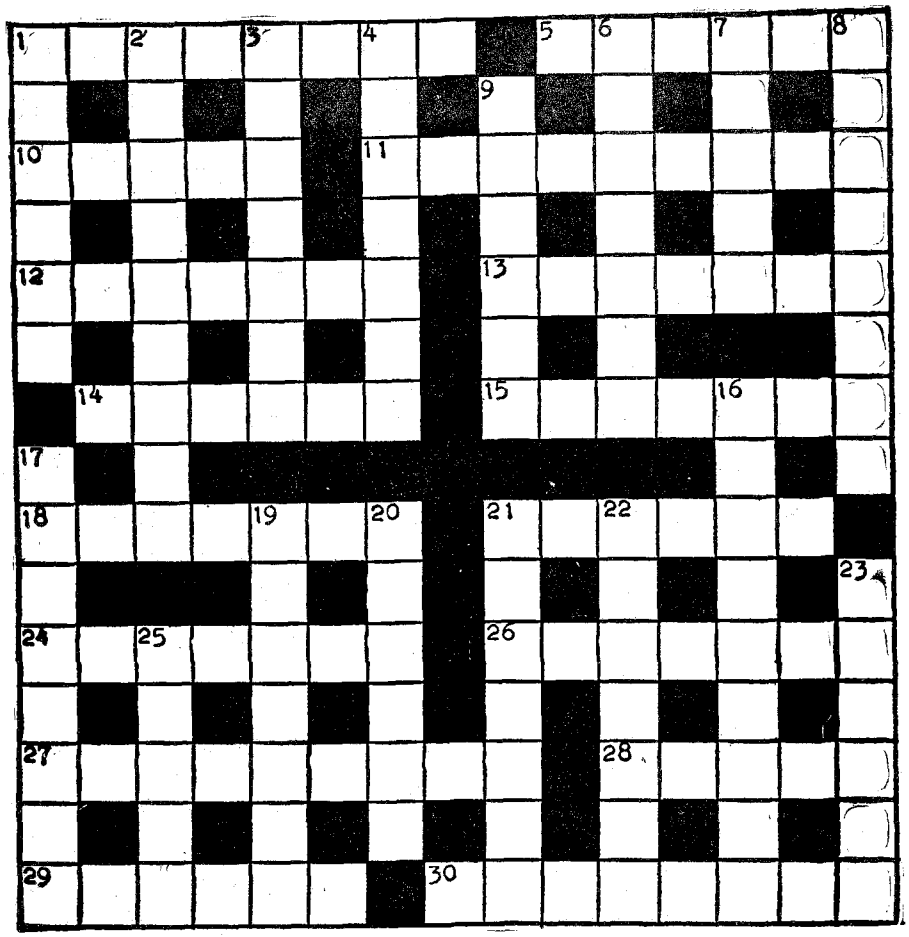
Crossword Puzzle No. 886

By FRANK W. LEWIS



ACROSS:

1 and 30 The wonderful manner of Caucasians on Broadway? (3, 5, 5, 3)
5 Rightly expert? (6)
10 See 1 down
11 and 17 down What an ambitious Horner might strive for? (1, 6, 2, 5, 3)
12 The fringe of many movements? (7)
13 He has an appointment to kill. (7)
14 Where one might seek port if the conditions are extremely wintery.
15 To protect one from the Belem sun? (7)
18 Is a G.I. never to be found turning this way? (7)
21 Lead astray. (6)
24 Declination. (7)
26 Five and ten, with time for fast and furious results. (7)
27 In favor of a liberal magazine putting the palmar surface down? (9)
28 A chapter in the union man's life. (5)
29 The land might be real. (6)
30 See 1 across

DOWN:

1 and 10 They might sing or squeal. (11)
2 Sweetbrier. (9)
3 Ribbon collection put in by heart? (7)
4 Rather coy in any circumstances, but particularly lawlessness. (7)
6 Lassie, or Procyon? (3, 4)
7 Propelled in a circle, over a well-known sea. (5)
8 Climbers have them to reach out for support. (8)
9 Implying the company rises to strengthen a proposal? (4, 2)
16 Brahma, most likely. (6, 3)
17 See 11 across
19 Urgent and pressing. (7)
20 The familiar wit of legal licences. (6)
21 The heaven of happiness. (7)
22 The medical man has little work to allow a tiny bit of water to get out of it. (7)
23 The sort of night Moore was oft in. (6)
25 Stalin finally got his second one! (5)

SOLUTION TO PUZZLE NO. 885

ACROSS: 1 Collect telegram; 9 Agnates; 10 Usurper; 11 Tailed; 12 Svengali; 14 Rightfully; 15 Berg; 17 Nibs; 19 Tennis club; 22 Vagrancy; 23 Borneo; 25 Realgar; 26 Erasure; 27 Election returns. DOWN: 1 Chapter and verse; 2 and 24 Landing gear; 3 Entreats; 4 Test; 5 Equivalent; 6 Equine; 7 Replace; 8 Marriage brokers; 13 Supercargo; 16 Assonant; 18 Baggage; 20 Languor; 21 Maggot.

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